EMPLOYMENT: AN OPTION FOR ALL AGES

HEARING

BEFORE THE

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UNITED STATES SENATE

NINETY-SEVENTH CONGRESS

FIRST SESSION

MORNING SESSION
ROCK ISLAND, ILL.

AFTERNOON SESSION
DAVENPORT, IOWA

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EMPLOYMENT: AN OPTION FOR ALL AGES

MONDAY, OCTOBER 12, 1981

MORNING SESSION

U.S. SENATE,
SPECIAL COMMITTEE ON AGING,
Rock Island, Ill.

The committee met, pursuant to notice, at 9 a.m., at the Martin Luther King Community Center, Rock Island, Ill., Hon. Charles H. Percy presiding.

Present: Senators Percy and Grassley.

Also present: Lucinda Oliver, legislative assistant to Senator Percy; and Pete Conroy, special assistant to Senator Grassley.

OPENING STATEMENT BY SENATOR CHARLES H. PERCY, PRESIDING

Senator PERCY. On behalf of both Senator Grassley and myself, I call this hearing of the Senate Special Committee on Aging to order. This is an official hearing. All of the proceedings of this hearing are being recorded and it will have to be conducted in accordance with the rules of the Senate.

When I was 29 years old, I became president and chief executive officer of Bell & Howell in 1949. When I was elected by the board, I discovered I was automatically chairman of the Bell & Howell Retired Employees Association. This group included all of our employees who were 55 years old or more and would be retiring within 10 years, and all of those who had retired since the inception of the company. I have met with them now for 35 years, and I have maintained a very close working relationship with them. At that time, we had a retirement program where counseling with husbands and wives began at age 55, for a period of 13 weeks, roughly 10 years prior to retirement. They could talk about retirement, the health problems, all of the things that constitute retirement, adjustment, relationships with children, financial, and housing. We showed films and movies. We talked about it. Many couples told me they never even talked about the subject before they had this kind of a program.

Then, we had a program where normal retirement was age 65. They could retire then. Early retirement was at age 60. But at age 65, if an employee wanted to stay, he could stay another year under mutual agreement. But the employee took his 3-week vacation plus 1 month's leave of absence to get used to being gone 7 weeks that year. The next year, if he wanted to stay, he could stay another year, but he took 2 months leave of absence. At age 68, 3 months leave of absence, so he was gone 3 months plus 3 weeks. Generally, we found that once an employee got used to it and liked the idea, he generally wanted to retire.

This morning, we called the chief executive officer of Bell & Howell to find out if the plan still exists 15 years after I have been gone. By the way, it is a profit-sharing retirement plan where 20 percent of the profits go into the plan and then they are invested in 100 securities in America, along with bonds and stocks. The program is identical, except there is no longer a compulsory retirement date. Anyone can stay so long as they are physically and mentally able. They can stay until they are 80 or 85 years old.

For millions of older workers, retirement does not really end up to be the American dream that they had envisioned. They liked their jobs and they want to keep them. For countless others who choose to retire, that dream is fast becoming a nightmare as inflation destroys their standard of living or forces them to postpone their retirement plans. For both these groups, employment should be an option, but the sad fact is that our country does turn its back on one of its most valuable resources, the older, more experienced worker.

In the not-too-distant future, the aging of America will mean a dramatic change in the composition of the work force. By the early part of the next century the ratio of working age population to elderly will decline by about 50 percent, from 5 to 1 today to 2½ to 1. If current working and retirement patterns continue, private and public pension systems will face a severe financial strain. The economy will also suffer if highly skilled older workers continue to withdraw from the labor force in large numbers. We simply will not have the workers we need in the near future, if we continue our present course, and all we have to do is look at what is happening to schools. In my village of Winnetka, we have two huge high schools. We are closing one of them. We just don't have enough students. We are closing elementary schools all over the State. We don't have enough students. That is going to end up to be fewer customers, fewer workers. I think we are going to have to look forward to the day when we are going to really need the older worker and we will be begging them and encouraging them to stay working.

So that these simple facts be known, we focus attention now on the problem confronting older workers, and that is why Chuck Grassley and I felt we should not wait until that day comes. Let's look ahead. Let's plan ahead, let's hold this hearing right now. That's the purpose of our hearing today. We have entitled it, "Employment: An Option for All Ages." Simply stated, employment should be an option for anyone who wishes to work.

Today, as we'll hear from our witnesses, this is not always true when it comes to older workers. Older people have more difficulty finding jobs than young persons and they are more likely to abandon their job search. Discriminatory practices still exist despite the enactment of laws that guarantee equal employment opportunity to older workers.

There are still many myths about the ability of older workers. We must have a national policy that will address these problems by creating a broad range of employment opportunities. We cannot afford to ignore the skill and experience of older workers. The intent of our hearing is not to reverse the achievements of past decades or to abridge the retirement benefits that older persons now enjoy. On the contrary, policies that encourage older people who are able and willing to work can strengthen and better preserve our retirement programs.

Our goal here today is to look at existing opportunities for older workers, the problems they face when seeking employment, and public and private resources available to assist them. To the extent that older persons who want to work are denied that opportunity, we intend to seek solutions. With your help, it will truly make employment an option for all ages.

I am particularly pleased to be joined by my distinguished colleague, who is one of the most experienced legislators in the Senate today, with years of experience in the State legislature in Iowa, and with years of experience in the House, he already has become a powerful force for good in the U.S. Senate and for the United States of America. Senator Grassley.

STATEMENT BY SENATOR CHARLES E. GRASSLEY

Senator GRASSLEY. Thank you, Senator Percy. I want to compliment you as the senior member of the Senate Special Committee on Aging for your years of work on this committee and the prominence you have brought to the committee in the U.S. Senate, so that when aging issues have been brought to the floor of the Senate, they have been very successful. That speaks to the point of how responsible your leadership has been on this committee.

I want to say good morning to all the people from Illinois and Iowa who are here. Your interest in the subject is the purpose of this committee meeting, and I want to thank those of you who are witnesses on our program this morning and this afternoon, because I know it is an extra burden and responsibility for you beyond your other important responsibilities to come here and share your expertise with us, but we have to rely upon people like you who have had some experience and practice with the concerns that this committee has in order for our judgments to be more sound.

In recent decades, this country has undergone a frenetic preoccupation with retirement, its promises, its threats, and its unrealities. Too many have lost sight of the contribution of work life and of life work to life as a whole. The need of human beings to drive and be challenged may diminish with advanced years, but the cutoff point cannot be pinpointed for each of us at one specific age either by government fiat or private pension actuaries.

Today in both the morning session here in Rock Island and the afternoon session in Davenport, we will learn from witnesses some of the options, positive as well as negative, that face one of every nine Americans who seek or wish to maintain employment. I refer to those in our society who are 65 years of age or older.

A recent witness before the Senate Committee on Aging, this committee, pointed out that middle-aged and older artisans fashioned most of the hardware that we landed on the Moon. I would expand that thought to include the older farmer who passes on his agricultural advice developed over the years to help the younger farmer increase his yield. The artistry of senior tool-and-die makers in whose hands and eyes rest efficient industrial production. The seasoned managers and salesmen or saleswomen who are chiefly responsible for the organization and sale of our gross national product. The senior professional whose counsel spans the inevitable changes in his field.

To countenance a society in which such vital contributions to its social, moral, and industrial well-being are turned off at some set chronological age is, on considered judgment, without reason. Older citizens may ease up a bit. They may take more time for themselves, but they must not be regulated out of the work force completely. They, like our youth, have a role to play in realization of our Nation's best interest, a responsibility from which no one retires.

Thank you.

Senator PERCY. Thank you very much.

Our first panel is the panel on the placement in the private sector. Our first panel consists of four witnesses, two of whom work every day to place older workers in private sector employment and two who have benefited from their work.

First we have Shirley Brussell, who is executive director of Operation ABLE, of Chicago, Ill. That stands for ability based on long experience. Operation ABLE is a not-for-profit organization which serves as a job clearinghouse for employers and older workers, and Ms. Brussell has been executive director since ABLE started in 1977. Before that, she served as director of two senior employment programs for the South Suburban Council on Aging in Harvey, Ill. She's also served on the staff of Governors State University at Park Forest South. With her to talk about Operation ABLE are two people who know well Operation ABLE and its efforts to find employment for older workers, James E. Walpole and George A. Skibbe. Mr. Walpole is president of his company, Walpole Associates, which he founded 11 years ago. He is a marketing specialist for industry in the sale of waste materials. Mr. Skibbe has been his account manager for the past 4 years. They met through Operation ABLE.

Shirley Brussell, would you begin? We welcome all of you.

STATEMENT OF SHIRLEY BRUSSELL, EXECUTIVE DIRECTOR, OPERATION ABLE, INC., CHICAGO, ILL.

Ms. BRUSSELL. Thank you and good morning. Thank you Senator Percy, Senator Grassley, and members of the audience, for inviting me to speak with you about one of the most important topics we face today, the employment needs of older Americans and their placement in jobs in the private sector.

As executive director of Operation ABLE, which coordinates a network of 35 senior community based employment agencies in the entire Chicago metropolitan area, I am, indeed, aware of the needs of older persons seeking work opportunities and some of the obstacles they face when seeking jobs. I hope that this committee will consider legislation to promote replication of programs similar to ours across the Nation that will deal with the needs of older persons.

Last year, ABLE placed over 5,300 older persons in the private sector in the Chicago area. It was founded, as you heard, in June 1977, by a private foundation called the Chicago Community Trust, and later received support from the Field Foundation of Chicago. At that date, over 22 companies and corporations supported Operation ABLE, along with three government agencies. As I said before, we are an umbrella and our approach is a three-pointed one. We work with three sectors. We work with the agencies that I mentioned. We work with the job applicants, and the third group and the most important one, are the employers who create job opportunities.

Now, why do people 55 and older want to go back to work? Two brief stories. One is a man that approached me when I worked in Harvey and said:

> I am so tightly budgeted; I am living on my pension, social security, and savings, but a friend died in a nearby town. I am so tightly budgeted I cannot get to his funeral. I have got to have a job. I will do anything to supplement. When a point comes that I cannot get to a funeral, I need to go to work.

Another true story, about a young Senator showing a group around the Senate, that Alex Comfort tells. He was escorting a group of older people and he turned to one of the older men and said, "And my good man what did you used to be." One older gentleman held himself up, looked him in the eye and said, "I still am." That story illustrates the need for self-respect, self-worth, all the needs of socialization, which employment gives to older people.

Here are a few things that we have learned about older workers in our 4th year of existence. Most older people want to work in their communities. Therefore, we need community based agencies to address them. Most of them prefer part time, but are willing to work full time. Many of them are not looking—most of them are not looking for careers. They are looking for jobs. They are looking for involvement.

One of the greatest problems they are facing is lack of self-confidence. They have been rejected so long they need self-confidence. They need to know how to reenter the labor market.

At ABLE, we do many things to help the situation along. Some of them are keeping a job hotline going for older people. The number that is available at all times that they can say, where do I go to find a job. We then connect them with three agencies close to their communities. They are all referred to the State employment service, and then they are referred to two other agencies that are appropriate for their background.

We have ongoing training classes, called job club, back-to-work skills that build their confidence and shows them how to get back into the market. We help them in new careers, and with the cooperation of the YMCA and Loyola University, have just finished training them to be school workers and school aides. We help the staffs of these 35 agencies learn how to match their skills with the employer needs. Older people have worked for so many years, it is very important that they understand how to get back into the market, and that the counselors can react to.

Some of the jobs they are filling, just a few of them that might interest you: They are movie extras, sales managers, accountants, personal shoppers, teachers, tool-and-die workers, and ice cream scoopers. Just a raft of many categories. Most of the jobs fall into the clerical areas and sales force.

Now, why do employers want older workers? What are some of the stories that we hear constantly from the private sector employers? They tell us they like their commitment, their loyalty. They say, send me someone like the last one, he or she was great. They like their dependability. They like their skills, their motivation. They say they are not clock watchers. They like the fact that their turnover—there is very low turnover with an older person.

For instance, one bank in Chicago came to us and said: "I would like to give you an order for 100 older workers, but I will take 75, and why do we want them? Because they are good role models for our young group." This happened to be the Continental Bank, one of our largest banks in Chicago. They say not only are they good role models, they stabilize our work force. They cut our turnover. So those are a few examples of why they want them.

Now, how do we fill these job orders, these 5,300 job orders, or if you go back to 1979, we have placed 10,000 older people in the private sector. We work with employers. We offer them consultation and technical assistance. We show them how to restructure jobs, how to share them, how to turn them into part-time jobs, how to split them. We talk to them in one of our agencies and the network supplies people as temporary workers, where they can compete with Kelly Girls and Norell. We show employers how to sit down with a president of a small bank and say, OK, let us look over this bank and let us talk about which jobs are right for older persons. We do this industrywide. We have a staff of job developers that are now working with the banking, finance, insurance, real estate, and fast foods. By identifying jobs on an industrywide basis, it is much more cost effective.

At this stage, we focus with the media and perhaps our media is the strongest way that we outreach older workers. We have an award-winning commercial on the air that is called experience works, and the theme is that nobody wants these people just because they have had too many birthdays. Call Operation ABLE hotline. We have posters. We are preparing one now that says 55 is the speed limit, not the age limit to go back to work. We have done two job fairs with NBC, channel 5, in Chicago, and at this job fair, over 1,200 people turned out. In fact, Senator Percy was there and gave a few words to launch the group. We had over 40 employers. We had 30-minute modules for persons, telling them how to get back into the work field.

At this stage, New York has just held one similar to ours. Washington is planning one and we are working with channel 5. We had a large luncheon for 350 persons, where Senator Pepper gave out awards to leading employees. The press focused on this, awards were given to leading workers of Continental Bank, Illinois Bell, McDonald's. McDonald's hero was a 73-year-old french fryer. Again, the press loved it, and we were able to show that even a youth-oriented organization such as McDonald's said they would take 1,000 older workers if we could supply them. We focus on talk shows and newspaper articles. All of these things that provide outreach.

So, in closing, I've tried to outline some of the ways that we have tried to reeducate employers. Does it work? Yes, indeed. Our data keeps growing. Our job orders keep growing. We have showed employers how to tap the productive capacity of our older work force to gain the wealth of experience that they represent, and to start them thinking about the concept of functional age rather than chronological age. This is what is truly important, and today I have brought with me a very enthusiastic employer and his employee, and I would like to introduce Jim Walpole and have him tell you about how he feels about older workers.

Thank you.

Senator PERCY. The complete text of all of our witnesses will be incorporated into the record in the event that time restraints does not allow them to finish all their comments, but the full statements of all the witnesses will be entered into the record.

[The prepared statement of Ms. Brussell follows:]

PREPARED STATEMENT OF SHIRLEY BRUSSELL

Thank you, Mr. Chairman and members of the committee, for inviting me to address what is one of the most important topics we face today: The employment needs, opportunities, and problems of older Americans and their placement in jobs in the private sector.

As executive director of Operation ABLE, a coordinated network of 35 senior employment agencies serving the Chicago metropolitan area, I am personally aware of the vast needs of older persons for work opportunities and the obstacles they face when seeking employment.

ABLE's testimony will explain our model system of services for older workers, with the hope that the committee will consider legislation to promote replication of such a system across the Nation. Legislation alone cannot stimulate a demand for older workers, or create job opportunities for them, or eliminate negative stereotypes about their value. But work such as ABLE does in the public and private sectors increases receptivity to older workers and brings older persons back into the labor force.

Operation ABLE (ability based on long experience) was founded in 1977 to improve and expand employment options for older workers 55 and over, throughout Metropolitan Chicago. Initial funding came from the Chicago Community Trust and the Field Foundation, which recognized the need for collaborative approaches to job development, training, counseling, and placement services for older persons.

ABLE now receives support from 23 private and corporate foundations and three governmental bodies.

FUNDING SOURCES FOR FISCAL YEAR 1981-82

Private and corporate foundations: Beatrice Foods; Borg-Warner Foundations; Florence V. Burden Foundation; Chicago Community Trust; Commonwealth Edison; Consolidated Foods; Container Corp.; Continental Bank; Esmark, Inc.; Field Foundation; Illinois Bell Telephone; Inland Steel/Ryerson Foundation; Jewel Companies, Inc.; Bowman C. Lingle Trust; Oscar Mayer Foundation; McDonald's Corp.; People's Gas, Coke & Light Co.; Albert Pick Fund; Pittway Corp.; Playboy Foundation; Retirement Research Foundation; Sears Roebuck & Co.; Signode Corp.

Government agencies: Illinois Department on Aging (title V); Cook County Office of Manpower Services; Department of Health and Human Services (region V fiscal agent); PIC (Private Industry Council of Surburban Cook County).

A nonprofit organization, ABLE is governed by a board of directors which includes representatives of government, business and industry, senior employment agencies, and retired older workers from the private sector.

Operation ABLE supports and coordinates the direct senior employment service efforts of more than 35 nonprofit senior employment agencies that are members of its network; it develops new services and helps create new agencies where none exist; it works with business and industry to develop jobs and new work arrangements suitable for older adults; and it conducts an ongoing campaign of public education, awareness, and advocacy on behalf of older persons and their right to work. It maintains a central job hotline/clearinghouse which receives requests both from job applicants and from employers with job openings—the latter at the rate of over 100 job orders per month. These go to the community centers of our network, which match older worker job applicants with the job orders.

ABLE's approach is three-pronged, with services to employers, to older job applicants, and to nonprofit senior employment agencies. ABLE's philosophy is that when older people can work and want to work, but are denied the opportunity simply because they have had too many birthdays, everyone loses. The economy loses experienced manpower and the financial stimulation of an employed population; employers lose their most experienced and conscientious labor pool; and older people lose dollars and dignity.

Here are some of the important things we have learned in our 4 years of existence:

First, most seniors would like to work in or near the neighborhoods in which they live. For many, this is a practical consideration based on the difficulties of public transportation.

Second, most seniors would like to work part time rather than full time. This may be due to the limitations placed on earnings by social security, the need to supplement a pension or other fixed income source, or the desire to retain some time for leisure pursuits in the later years.

Third, most seniors are not looking for careers; they are looking for jobs, and they are often willing and even pleased to accept positions with lower qualifying requirements than they have met in the past.

THE ABLE APPROACH TO PLACEMENT OF OLDER WORKERS

Operation ABLE is not a direct service agency. Rather, it coordinates, assists, and gives focus to the efforts of many nonprofit senior employment services throughout Metropolitan Chicago. As an "umbrella" organization, ABLE eliminates fragmentation of employment services, centralizes the gathering and dissemination of job information, provides training for staff workers in the field, promotes public awareness through widespread media usage, and is a strong united voice for advocacy of seniors' right-to-work.

Many employers initially reluctant to hire older workers have become enthusiastic participants in the program. Not only business and industry are involved; government, social service industries, and universities are all cooperating. Banking, insurance, fast foods, real estate, and service industries which need flexible workers have been particularly receptive.

To the employer interested in hiring older workers, ABLE offers a battery of services. There is a central job hotline and clearinghouse through which employers may list job openings and have them disseminated to ABLE's network of senior employment agencies. Equally important, ABLE assists in job evaluation, offering consultation and technical assistance services to employers at no cost. Bad experiences with older workers in the past may have stemmed from mismatches, and ABLE conducts periodic workshops for counselors of network agencies on how to do better job placement. ABLE can show an employer how to restructure full-time job openings into part-time and shared jobs, which are more appealing to the older person and still fit the company's needs. For instance, older people can be a prime source for temporary placement at peak times.

One of the barriers to placement of older workers which ABLE encounters is the lack of self-confidence of older people who have been rebuffed. Another is the problem of reentering the labor market when one has been out of it. We face that by giving job seekers classes on back-to-work skills and preparing them for reentering the labor market. The employers in the Chicago area have given us great support for this program. They call our hotline with a wide variety of jobs for older persons. The jobs include sales managers and executives, and a wide variety of clerical and blue-collar occupations.

Employers tell us when they call us, "Send us someone just like the last one." The reasons they give us for hiring older workers are that they are tired of turnover, tired of people who come and use them and move on. They like the dependability of the older worker. They know if the weather is cold and the situation is rough, they can count on that person coming. These are stories we hear daily.

We have wide media coverage, and this is how we reach our employers. They hear our TV commercial, which says "experience works." Two years ago, we joined with Chicago's NBC station, WMAQ-TV, and with the Chicago Public Library, in a job fair for older workers. The fair provided fun, food, and entertainment, but also serious business; some 550 job-interested older persons attended and met representatives of major Chicago employers and took part in workshops on how to find jobs.

The fair was so successful it has become in annual event. At this year's job fair, more than 1,200 older workers attended. The job fairs have stimulated employers to list jobs with us and have led to many successful job placements. NBC was so pleased with the result that it is now at work, on a national scale, organizing job fairs in other major markets—including New York and Washington, D.C.

Another innovation of Operation ABLE is senior achievement awards to older workers who were nominated by their employers as outstanding employees. Operation ABLE annually coordinates hire the older worker week activities in the Chicago region, and last March we held a luncheon at which the first senior achievement awards were presented. More than 40 older workers were nominated as senior achievers, and representatives of more than 90 employers were among the 350 persons who attended. The award winners were a real attraction to newspapers and radio and TV media, who gave the event a great deal of coverage. As a result, calls to our job hotline, by both employers and job seekers, reached a new record last March—twice as high as in any previous month.

These are some of the ways in which Operation ABLE works with the media to interest employers and open up job opportunities for older workers.

One of the results of the first job fair was that Chicago's largest bank, Continental Illinois, placed an order with us for 100 workers, all part time. These were entry-level jobs for people who had been out of the market for a while. We filled that job order and earned a "well done" from Continental Bank. Now they are asking us to find older workers for higher level positions at Continental. We're doing that, and some fine new banking opportunities have resulted for older men and women.

We also work with employers doing preretirement seminars. We advise employees about to retire on postretirement options, and we advise employers on setting up such options. It's an interesting new trend.

Operation ABLE manages two work-experience programs for mature workers under CETA title II-B through the Cook County Office of Manpower. Our CETA programs have a remarkable record for transferring trainees to unsubsidized employment. More than 60 percent of our CETA enrollees have been achieving "positive terminations."

Just this summer, we started a new program to promote employment of older workers by private employers on a regional basis. The program, called "experience works," is funded by the Private Industry Council of Suburban Cook County, and it focuses initially on banking, finance, and insurance sectors. On October 14 and 15, we are holding conferences on "bottom line benefits of the senior work force" for insurance and finance executives. It is the first time in Chicago, or anywhere, we believe, that leaders in these industries have been brought together specifically to consider ways of using the experienced workers of the over-55 generation. Banking and insurance are growth industries in Chicago, and we expect these conferences to lead to more and better employment opportunities for older workers.

One incentive for hiring older workers is that they tend to stabilize the work force. This is obviously in the best interests of the employer, especially in industries with high turnover rates (for example, fast foods) and the attendant high employee costs. Older workers serve as role models for commitment and reliability; they are steady and conscientious. And their needs for flexibility can be suited to industry's needs. Some companies rehire their retirees at peak times; they are saved the cost of training novices and maintaining their salaries when the need wanes. There is an untapped reserve of jobs that awaits widespread experimentation with flexible work arrangements, including part time, flexitime, and job-sharing. A prevalent fear of potential employers and society at large is that older workers will take jobs away from the young, thus fueling the unemployment crisis. However, older workers' job expectations are not in conflict with the career patterns of younger employees. They accept, and often seek, less stressful jobs. Downgrading or transfer is acceptable, because career advancement is secondary. Intergenerational contact, physical and emotional well-being, and financial support are of primary importance.

Industry tends to be responsive to the growing social trend of an aging work force, but it needs assistance in relating the need for profit with the needs of workers. ABLE hopes to accomplish this by serving as a model of an employment network, and educating employers, the public and senior workers themselves, about potential problems and solutions.

How effective is ABLE and its network of community job placement centers? In 1980, the agencies of the ABLE network helped 5,300 workers 55 and over find nonsubsidized jobs, mostly in the private sector. This year, 1981, we expect to match that performance in the face of Federal cutbacks in funding for job placement assistance which are beginning to affect many of our centers. The Illinois Job Service, in particular, is being hampered by this shortsighted policy in its ability to help older workers find employment—and the superintendent of the Illinois Job Service is here to tell you about that himself.

The ABLE job placement network has been declared a national model on three occasions—by the U.S. House of Representatives Select Committee on Aging, by the U.S. Small Business Administration, and by the Gerontological Society of America. Older worker job placement networks patterned on Operation ABLE have been established in the Omaha and Little Rock areas, and organizations in several other regions are attempting to do this.

We respectfully submit that it would be of real value, in the national interest, if Congress were to enact legislation providing assistance to such organizations in founding and maintaining ABLE-model worker job placement systems. We urge the committee to recommend this to the Congress.

Senator **Percy**. Mr. Walpole.

STATEMENT OF JAMES E. WALPOLE, PRESIDENT, J. E. WALPOLE & ASSOCIATES, INC., HARVEY, ILL., ACCOMPANIED BY GEORGE A. SKIBBE, ACCOUNT MANAGER

Mr. **Walpole**. Senator Percy, Senator Grassley, ladies and gentlemen, I want to thank you for inviting us to this hearing dealing with employment opportunity for the older workers. In August 1977, my doctor informed me that I was in need of abdominal surgery. About 6 weeks prior to this, one of my key employees resigned to take a position with a trade publication company. We, as an organization, act as agents for industry in the sale of all types of waste materials. I needed someone with industrial experience, and a friend of mine suggested that I inquire at the South Suburban Council on Aging, located in Harvey, Ill., which agency is devoted to placing older workers in industry. They asked me if I was interested in an older employee, and I explained if he had the experience and appeared to be in good health and could perform the tasks, that I would have no objections. The woman at the agency mentioned she would pass this information along to the council and have them search for someone to fill this position. In a few days, I was pleasantly surprised to have a call from Mr. Skibbe and he suggested he would be interested in the position we had to offer. I suggested he stop in and look us over and give us a chance to look him over. The following day, we had lunch and I was pleasantly surprised to find a man who didn't look his age, was mentally alert, and had some experience that we were looking for.

We struck up a deal and Mr. Skibbe started work on September 1, and I left for the hospital at the end of the month. Although I was in touch with him by phone most of the time, I did not return fully until after the first of the year. Mr. Skibbe demonstrated that he had the ability, through his long experience in industry, to assist in a very meaningful way, and in the past 4 years he has continued his enthusiasm for the work assignments, and has performed satisfactorially.

We are glad Mr. Skibbe is able to stay in the mainstream, and hopefully we can keep him in the mainstream for some time to come.

In addition to Mr. Skibbe, we have had other older men associated with us. In one case this man was forced to retire at age 55. He was an engineer with one of the leading companies in the country, and he claims the company had an austerity program and it appeared that these people in the higher income brackets and well beyond middle age were the ones that were forced into retirements. This man is very bitter about his experience and continually looks for ways to keep himself occupied.

Another associate of ours is 75 years old and he assists us only when it is needed, but this man is very alert for his age, and although he is not fully employed at the present time, there is no doubt in my mind that he could do very well in sales or some related field.

As an employer, we have had an opportunity to observe firsthand performance of an older worker in the last 4 years. Mr. Skibbe has been very reliable, very trustworthy, and enthusiastic about his tasks. We have benefited through the use of the South Suburban Council on Aging and we enthusiastically endorse the use of this type of an agency in assisting the older worker to find employment in the private sector.

Mr. Skibbe has accompanied me and he has a statement to make.

Mr. **Skibbe**. Thank you Mr. Walpole for those kind words. I appreciate that very much. Senator Percy, Senator Grassley, ladies and gentlemen. I am pleased to talk briefly about a few of the opportunities that were presented to me after leaving my regular employment. This employment was a fast-moving business managing or assisting with the management of a traffic department, which involved the movement of millions of tons of freight on time, and to the right destinations, at the lowest cost commensurate with giving good service to the customers. When I left my position as assistant traffic manager for a scrap metal broker in Chicago at the age of 68, having worked almost constantly every day since the age of 16, it was mandatory that I find other employment, since the company did not have a pension plan and the only money received at that time was the salary plus severance pay. That was in March 1977.

In April 1977, after a 2-week rest, one of my neighbors told my son, Ray, about the South Suburban Council on Aging, located in Harvey, Ill. They had a service to senior citizens of employment counseling and placement of seniors in temporary or semipermanent positions. Shirley Brussell was the executive director at that time and interviewed me twice. She offered me work with the agency interviewing men and women over 55 who, if qualified, were often placed in temporary or permanent positions. The duties also entailed work in the field soliciting employers; also, telephoning employers and invoicing those companies who hired employees under a new program called project reentry. This was intended to be interim employment, only until a suitable position could be found in my field. The working hours were 4 hours per day for 5 days a week, and I worked there from April to September 1977.

In August of that year, Mr. Walpole contacted the council. It was learned that Mr. Walpole was looking for someone to manage his office. When he mentioned that his business was devoted principally to serving clients in the disposal of industrial scrap metals, I had to tell him that I knew of no one that could help him right now, but as we continued our conversations, he learned of my background and indicated that I might be the person he was looking for because of my 10 years experience in the scrap metals business and considerable industrial experience.

Mr. Walpole and I worked out a deal that turned out to be one of the most attractive opportunities of my life. I became an account manager for Mr. Walpole, and my duties included service calls on our industrial clients, plant inspections, preparation of written reports to our clients, with recommendations as to how they could increase their revenue from the generation of industrial scrap. I also handled the auditing of our clients' invoices to make certain they were paid correctly for the materials sold.

All of this could not have happened without the South Suburban Council on Aging, headed at that time by Mrs. Brussell, who is now the executive director of Operation ABLE. One of the activities that I remember about Operation ABLE that had been taking place, that Mrs. Brussell did not mention, was that they have people who are employed that are fundraising specialists who are offered to agencies in the network that need help in that endeavor. All of this was 4 years ago. During those 4 years, I took advantage of the benefits afforded to senior citizens. This was of great help. Of course, social security, cost-of-living benefits, also for every year you work beyond the age of 65, a senior citizen has the benefit of a 1-percent increase every year until age 72. I was also under the medicare program and became eligible for the health maintenance organizations, which is a complete health insurance program. Then there was a homestead exemption in Illinois, in Cook County, for property taxes. All of those were beneficial.

To go back a few years, our participation in senior affairs began in March 1978, when Mr. Walpole and I took part in several seminars devoted to the problems of senior citizens, with special emphasis on employment. This culminated in a trip to a seminar in Washington, D.C., in July 1978, and this seminar was entitled "Communities Plan Seminar on Employment." Mr. Walpole and I, whenever asked, took part in these seminars because we believe that in some small way we could help the senior citizen live a better, fuller life. It was our contribution to the great work operation, Operation ABLE, and what the network is doing in the Chicago area.

Illinois and the whole country needs more organizations like these. I marvel that people from all walks of life who are not yet senior citizens volunteer their time, their resources, including money, special skills, and sometimes superhuman effort to help the older mature workers because they believe they will be vitally needed by industry and business in the next 10 to 20 years. Opportunities have to be created for jobs, for other benefits, and when they are, the senior citizen must reach out to take advantage of them, and he as a senior, must adjust to a new way of life. As for myself, the new rewarding work was the start of a new career which certainly has been embellished by my work at the senior center in Harvey, where I keep in close touch with operations. Recently, I was elected to the board of directors for a 2-year term.

Thank you for the honor and privilege of addressing you today.

Senator PERCY. Thank you, Mr. Skibbe. That sounds like a great success story to start us off on an inspiring morning.

STATEMENT OF JOHN J. SMITH, SUPERINTENDENT, ILLINOIS JOB SERVICE, CHICAGO, ILL.

Mr. SMITH. Senator Percy, Senator Grassley, I appreciate the opportunity to appear before you today. I want to express the profound concern we in Illinois Job Service feel on behalf of older workers and to clarify for the committee the significant role we play in helping them find jobs. Any worker, after all, is a productive member of society, and the older worker is no exception. Withdrawal of older workers from the labor force adds to the cost of welfare and social security, and at the same time, deprives the economy of many useful and experienced workers. I am particularly pleased to be at this Senate hearing with representatives from Operation ABLE. This outstanding organization, which values the older worker as we do, provides us with 25 paraprofessionals—themselves older workers—who are assigned to Illinois Job Service offices throughout the State, where they supplement the services provided by our professional staff.

I wish to call your attention to some of the serious problems that we foresee in fiscal year 1982 as a result of the nationwide reduction of funds allocated to job services. Illinois alone is faced with the reduction of approximately 23 percent of its previously allocated positions. This means that out of a total of 1,200 positions, about 285 will be lost. The figures for fiscal 1981, which have just been compiled, show that the Illinois Job Service, in that 1 year, was able to find employment for 9,961 workers over the age of 45. We also provided employment counseling services to 6,050 older workers. However, confronted with the loss of almost a quarter of our staff, we will have great difficulty serving the older workers productively in fiscal 1982—even making maximum use of all our resources.

Within the Illinois Job Service, applicants are classified as older workers if they are 45 or older. By those standards, I have been an older worker for longer than I care to mention. An individual is not universally defined as in older worker at age 45. For example, under the Comprehensive Employment and Training Act, certain services are only available to persons who are at least 55. Although some benefits and services may not begin until one reaches the age of 55, the difficulty in finding suitable work most certainly starts at age 45, and given our youth-oriented culture, probably much earlier.

The Illinois Job Service has recognized the special need of older workers and has attempted to help them overcome the resistance they face when they look for work. Older workers are very likely to abandon their job search earlier than other groups, and subsequently to withdraw from the labor force. The kinds of services required by the older workers are no different than the services provided to other job seekers, but older workers may need more intensive support and counseling. Trained interviewers and counselors can help older workers assess those aptitudes, experiences, and skills, which are important to their job search. Older workers frequently find it necessary to make an occupational change. Skilled job service counselors can help them make suitable changes which is realistic. In other words, a change that takes into account their individual abilities as well as the opportunities of the current labor market. When a job or cluster of jobs is identified, additional support is required of the counselor. Because older workers may have been discouraged by previous failures, their confidence needs to be bolstered so that they can present themselves to employers in a positive way.

In a study of the national employment security automated reporting system, prepared for the National Council on Aging, it was learned that older workers receive fewer services than workers from other age groups. It was also found that the fewer the services older workers received, the less likelihood they had of securing jobs. If we are to correct these deficiencies and maintain our commitment to the older workers, we must continually provide training to job service personnel so that they will be sensitive to the special needs of older workers. We must also provide adequate time for counseling and placement activities. Unfortunately, the severity of the budget cuts, combined with the high priority assigned to finding jobs for unemployment insurance claimants, may make it impossible for us to maintain our present standard of service to older workers, let alone enhance the quality of that service.

Because of a decrease in funding, we are planning to close a number of Illinois Job Service offices and outposts, and consolidate staff in a central location. This consolidation will mean that some older workers may no longer be able to receive employability services in their own neighborhood. I want to emphasize this point that the services will be available and we are not going to discontinue the services. They may be difficult. We may have to resort to group activities rather than individual, but the services to the older worker will still be maintained. As the number of older workers continues to increase, the problem of service delivery to this important and often neglected segment of our society can only become more acute.

Any program for the older worker must include job development. Working for Illinois Job Service are representatives who visit employers in order to solicit jobs for all our applicants. These job developers also convince employers that it is to their advantage to hire older workers. Our experience has been that if an employer agrees to hire an older worker, the employer often becomes a staunch advocate in behalf of older workers. Obviously, cuts in job development staff would seriously impair the effectiveness of the entire job service, including our program for older workers.

Let me again thank you for inviting me to appear before the committee. I hope my brief remarks have clarified some of the problems we face in our programs for older workers.

Thank you.

Senator PERCY. Thank you. I thought of a few questions for each of you, and I suggest it would be best if we rotated back and forth. Senator Grassley.

Senator GRASSLEY. Why don't you ask all your questions first.

Senator PERCY. All right. Fine. First, Shirley Brussell, I wonder if you could break down, from your experience, what the general pattern seems to be among large employers, medium-size companies and smaller, as to what their policy is on retirement. They all cannot retire, obviously, before age 70, but do they generally have in each of those categories compulsory retirement, or do they adequately prepare employees for retirement if they do have a compulsory retirement program.

Ms. **Brussell**. There is a wide variance, of course, in the Chicago area, especially in the latter on the preparation for preretirement. It is an area that we work with large-scale employers on, and participate in their preretirement sessions. We come in and tell people who are getting ready to retire what their options are. Their options in terms of going back to school or talking about volunteerism, and then we say we also can offer you employment options.

The companies in Chicago are reducing the age of preemployment to younger ages. The trend is also to bring wives along. One of the companies that we work for is Equitable of New York. Now, they bring all of their employees within a region into Chicago with their wives, give them 3 days, the last one at a large hotel, and they make it sort of an outing. Edison does similar things.

Senator **Percy**. You don't mean their wives, you mean their spouses.

Ms. **Brussell**. Right. [Applause.]

At any rate, in terms of the age, that also varies. We see a trend for companies reducing all age barriers, and I have had the experience of the head of a large company getting very excited about what we are saying, and then go down to see its personnel director, and saying we do not have any age barriers anymore. There is no need for this, and so the trend seems to be because of the fine legislation that was passed to cut back that age and to reduce them, and let me say sweeten up retirement. So we see a heavier trend toward earlier elective retirement. People are retiring earlier than before the amendment, and we see a lot of this happening in the late fifties.

Senator **Percy**. I might say our committee was in the forefront in the fight for a change in the retirement age from 65 to 70.

Is the demand for older workers greater among white-collar workers or blue-collar workers, and if it is one or the other, why?

Ms. **Brussell**. Well, the demand is the greatest—among the areas of greatest need, which at this time seems to be clerical workers, over half our job orders are for clerical workers of all kinds. We also get requests for blue-collar workers, tool-and-die workers. We could place every engineer that could come into the office. It depends on areas of need, of great need. Twenty percent of our employer calls are for service areas, food service workers, drivers, security guards. Fifty percent, as I said, are clerical. Ten percent are sales. The rest of it are huge potpourri of varied jobs.

We work with management consultants and headhunters who are seeking to fill job orders, and we want to keep that door open so that there are no categories that we do not try to fill, but blue-collar workers are there. Even day laborers. We fill orders for day laborers, so there is no end to the categories of jobs.

Senator **Percy**. What do you do in following up someone that has been placed in a job by ABLE? Do you follow up to see how well they are doing, whether they are making the grade or not?

Ms. **Brussell**. Well, since ABLE works through a network of 35 agencies, the largest of which is the Illinois Job Service, and South Suburban Council, which was mentioned, we do not have the direct contact after the placement is made, but we do follow up applicants who call us, and every 3 months we do a telephone survey of the people who have phoned us and we ask them what happened after they phoned. Did they find a job. If not, we encourage them to go back and to not get discouraged, but try it again, and we talk to them about the timing of their job application. So we do follow up applicants, and if they have been unsuccessful, we urge them to come in for training, to join our job clubs and back-to-work skills training, but we are not financially able to follow up the applicants at this time.

Senator Percy. And finally, what is the single most difficult barrier for an older person to find a job?

Ms. Brussell. The single most, well, I think, first of all, is the—there is almost two. One is being told at all times when he goes in to apply for work that he is overqualified and then he is rejected, and he loses his confidence. Everybody that has worked 20, 30, 40 years is overqualified by standard definition. Well, therefore, he gets discouraged and withdraws, as you pointed out, Senator Percy, from the job market.

The other single most barrier is lack of a better place to go to be interviewed. There is not a community based place to be interviewed and to get some kind of understanding and sympathetic handling, and that is what we try to do at ABLE, to get agencies going in areas so that people have a place to go to.

Senator Percy. Mr. Walpole, I have found that one of the biggest problems related to older workers is that employers seem to have a feeling that older people will be less productive and that they are also going to be more costly. What can we do to change that public perception?

Mr. Walpole. Well, I believe that education actually would be a solution to that. From our own standpoint, as I have explained to you and Senator Grassley, we have benefited very much through the experience, the long experience of Mr. Skibbe. No doubt, the industry—it is a two-sided coin. Industry undoubtedly is a little cautious of employing the older employee, but again, if they have the job opening and need the experience as we did, I feel certain that they will be very well satisfied, as we are with the older employee. And I believe that the older employees have a great deal to offer industry, and I think it boils down to a matter of the experience of that particular older employee.

I think this should be done, and no doubt is done, at the time that they are being interviewed, and at the time that they are being offered a position. Now, if the contract is then left and they are employed, I see no reason for industry to have any qualms about their effectiveness from a standpoint of production, and cost saving.

Senator Percy. Mr. Skibbe, statistics show that since Congress raised the mandatory retirement age, there really has been no material increase in the number of older workers who have been on the job market. I wonder if you could explain why this is. Is it that people just simply planned on retiring and kept to their plans, and even though the law was changed, they didn't care to take advantage of it, or what?

Mr. **Skibbe**. Well, I believe that retirement is an option that is not open to all people, but some people, if they are financially able, will often retire and may even go to other climates, other places. But I think that, generally, the person that is retiring today stays around his home precincts, and if possible, he is going to get whatever work he can get. Now, this isn't always available to senior citizens. There are not enough of those kinds of jobs, and it takes considerable education to get this before the public and before employers, so that someone can continue to work after the normal retirement age, which we consider as 65. I am not certain that it fully answers your question.

Senator **Percy**. Well, it helps very much. Mr. Smith how many people over age 55 have been placed over the last year by the Illinois Job Service Agency? What percentage of your placements are achieved by older workers, how many older workers actually applied for jobs, and how many were placed in jobs last year? If you do not have those figures before you right now, you can supply them for the record.

Mr. **Smith**. I have a rough idea of how many it is. We placed about 10,000 workers who are over 45. That represents about 13 percent of the total who applied, which was about 69,000.

Senator **Percy**. Well, I wanted to point out that some budgets were eliminated by the $36 billion in budget cuts that were made in fiscal year 1982. Some were cut 50 percent. Humanities were cut a minimum of 25 percent. Our budgets were cut. In the Foreign Relations Committee, we cut staff by 10 percent. It had soared up to 12.5 percent. That was a 27-percent cut we actually made in operating our staff, and we cut foreign aid $900 million below the Reagan budget, far below the Carter budget. So we have really slashed budgets. In looking at the Omnibus Budget Reconciliation Act, a nationwide ceiling was set on funds for State employment agencies. It was $692 million the previous year. That was a 2-percent cut. We probably cut that less than most other budgets, feeling that it was an extremely important and a cost-effective budget. Putting people back to work lessens our welfare roles and everything else, but still it meant you were on a somewhat tighter ship.

Mr. **Smith**. Senator, I recognize that in terms of looking at inflation, I am willing to try anything I can to fight that. However, I wanted to point out to you just what kind of effects it does have on us, and the figures that you gave are not the figures I have.

Senator **Percy**. Well, let us have our staffs get together and see what those figures are then.

Senator Grassley.

Senator **Grassley**. Thank you, Senator Percy. The private sector's response to older workers has been fragmented and uncoordinated. Is there any way of bringing—other than Government involvement or Government programs—of getting a private sector response to hiring older workers and a positive response to the 1978 act so it will be coordinated and less fragmented? Perhaps your answer would be that it must come through the Government, but I guess I would like your ideas.

Ms. **Brussell**. It is a difficult problem indeed. Nationally, there was an invitation to a conference for the private sector in Palm Springs, and the Honeywell Corp. in Minneapolis did a conference about 3 months ago for the private sector, inviting all the local industries to attend. We, on Wednesday and Thursday of this week, have invited the leaders in industry who have taken some very positive steps, to hold a 2-day conference in Chicago, where they share programs with each other. We feel that if industry talks to industry, it will be much more successful than Government talking to industry, and I brought a kit of some of the materials for this conference. The participants in this meeting are all people who have launched successful programs. It is Equitable of New York, City Bank is involved in New York, Continental in Chicago, Harris Bank; and from Washington, the new guidelines of the Equal Employment Opportunity Council and the groups that represents the Fortune 500 companies will be presenting. So our idea was to—we feel that the way to do this is not Government telling industry, but encouraging industry to have dialogs with each other. Showing success stories is the best way, and if we did it, why can't you. And I feel that is the best approach. Not Government saying you must do it.

Senator **Grassley**. You used the term "umbrella organization." I assume you mean that your experience at least is mostly on a regional basis. Have you thought in terms of a national umbrella from the private sector as opposed to Federal Government involvement?

Ms. **Brussell**. Well, I think there is a definite need. At one time, I felt that the area agencies could play this role in their various regions, but unfortunately the area agencies have so many priorities, and at the moment their priorities seem to deal with the frail elderly rather than the well elderly, and their funding is all enveloped in the frail elderly.

Regionally, the area agencies, if they had moneys to allocate for employment, and some are doing it. We have an organization in Omaha that is modeled after ABLE, that comes out of the area agencies, that is doing some interesting things. There is a need for a national focus, and at the moment we are developing replication kits, thanks to McDonald's, who has funded us to do this, to show how areas around the country do some of the things. We are sort of a do-it-yourself replication kit. I can't answer your question, specifically, without giving it some thought.

Senator **Grassley**. Well, for instance, would organizations like IRS, Chamber of Commerce, AFL–CIO, National Association of Manufacturers, would you see them as agencies and organizations that could be helpful, and have you had any indication that they might be willing to do it?

Ms. **Brussell**. Yes; I think that is an excellent idea. We work with trade associations now, and the conferences I just mentioned are being—the physical agent is the Chicago Association of Commerce and Industry—and they are deeply involved with us in the funds for this project. So they would be, I feel, any trade association, any union organization, any sponsors in this would be very effective.

Senator **Grassley**. But at this point, there hasn't been any national organization doing that?

Ms. **Brussell**. No, there has not.

Senator **Grassley**. It is kind of a regional——

Ms. **BRUSSELL**. Exactly.

Senator **GRASSLEY**. And it varies from region to region?

Ms. **BRUSSELL**. Right.

Senator **GRASSLEY**. And has it perhaps been practiced and tried with as much success in other regions of the country as in the Chicago area?

Ms. **BRUSSELL**. From what I know, it has not, because we have received several hundred requests. We find working with trade associations one of the most effective ways, and we work with the Chicago executives, and the junior chamber of commerce, and the whole raft. They are the spokesperson for their organization, and I think it is an excellent way to impact.

Senator **GRASSLEY**. Have labor unions been helpful in Operation ABLE?

Ms. **BRUSSELL**. We have tried to outreach labor unions, but labor unions mostly advocate for early—an early retirement, you see, and jobs for younger people. On the other hand, lately we have been approached by some union organizations who are looking for opportunities for some of their retirees, and we think they could be very fine advocates and become job sellers, and we are just beginning to try to work with some of the trade union councils to—but so far they have not been one of the leaders in this field.

Senator **GRASSLEY**. Do you sense that labor union leadership reflects their rank and file on this issue?

Ms. **BRUSSELL**. Yes, I do.

Senator **GRASSLEY**. I wanted to follow up on the question that Senator Percy asked Mr. Walpole, about the myths of older workers being unproductive. Are these myths real or is it that we in Government think these myths exist when maybe that they really do not. Do you feel that they are myths that are truly held by a large share of the population?

Mr. **WALPOLE**. It could be a myth, in this respect, that some industry might have had some experience where they felt that the older worker was not quite as productive. Generally speaking, in my experience, I feel that as—again I want to repeat, if they are properly screened at the time of employment and if they are given the proper job assignments—I believe that the older worker can perform as well, if not better, in many cases, because of the fact that they are work oriented, and we were discussing that this morning, as a matter of fact. Not that we have anything against the younger people. They are going to inherit the Earth no doubt, but——

Senator **GRASSLEY**. You feel then that these myths are real throughout, that they do permeate society, that they are not sole figment of the imagination of those of us in Government.

Mr. **WALPOLE**. I believe they do, and it is strictly a myth. I believe the older worker can produce.

Senator **GRASSLEY**. Would you share that opinion Ms. Brussell?

Ms. **BRUSSELL**. Yes; I would indeed, because we place older people in youth-oriented organizations. We placed an accountant in a private foundation where he was the only older person in an office of about 60 and one of the myths is that older people can't get along with younger people in organizations. I followed that one very carefully, and I found that he was a delight. Not only was he a success.

He was an accountant. He later became their comptroller. They bought a huge computer. They hired two older workers, assistants, and the foundation is delighted with them. He's had two raises and there is a mix, an intergenerational mix, that goes on with younger people and older people sharing experience. That's one of them, but these stereotypes are pernicious and they really permeate our society, and they are the greatest obstacle against hiring. People begin to believe it. Even the older workers begin to believe them. They get so demoralized in reading them, and I like to say that people age differently and they are just what they were when they were younger, and to stereotype and blanket them in with these is very dangerous.

Senator GRASSLEY. I must preface my next question with my personal feeling that the mere fact that Congress passes laws doesn't necessarily mean that any myths are going to be exploded. But with regard to the 1978 act, do you think it has been helpful in any way toward exploding myths and encouraging employment, beyond the normal response of people because they want to abide by the law?

Ms. BRUSSELL. Well, of course, I am biased, but I think it is one of the greatest pieces of legislation, and I think it has helped this cause, and I think we have only begun to see some of the effects. I think they are going to keep on helping us, and I think that industry, who was so frightened of it in the beginning, is going to accept it, to adapt to it, and I cannot say enough fine things about that legislation.

Senator GRASSLEY. OK. I think that is the last question. Senator Percy has gone to the phone and asked me if I would introduce the next panel. But before you leave, I want to thank you for your testimony.

We would also encourage you to send us any additions you may have, whether they come before the time the record is completed, or after and cannot be added to the written record. We would certainly encourage you to share with us on a continuing basis your expertise in this area. Do not stop the relationship just because your formal testimony has now ended. Thank you very much. [Applause.]

For Senator Percy, I want to call the next panel on employment opportunities. This panel will look at a variety of opportunities for older workers which exist in the private sector, and I would like to have these people come as I call their names. First, Lu Dietz. Mr. Dietz is director of personnel of Deere & Co., based right here in Moline. He will talk about Deere's efforts to employ its own retired workers. Mr. Dietz has been director of personnel since 1974, and has held various personnel and industrial relations with Deere since 1960.

Joining him on the panel are Dr. Joyce Crouse, Kay McGovern, and Leonard Davis. Dr. Crouse, who is a professor of home economics at Eastern Illinois University in Charleston, recently conducted a study to assess the employability of older workers. She is active in all aspects of service to the aging and is president of the Charleston area senior activity program and director of its multipurpose senior citizen center grant, which I can recall, or which Senator Percy recalls announcing several years ago.

Mr. Davis, who is president of the Quad City Federation of Labor, will give us organized labor's views on the older worker. Mr. Davis wears two hats. He has served as president of the 54-union federation since March 1980. He is also community services director for the United Way of Rock Island and Scott Counties.

Last, Kay McGovern will talk about an innovative program she began 2 years ago for the YMCA for Metropolitan Chicago, called Cottage Industries. By allowing older workers to make products in their homes, which Cottage Industries can sell, the YMCA has introduced an important employment opportunity for older workers. I would ask you to proceed in the order that I introduced you, and we will let you all give us your statement and then we will have questions, and as Senator Percy told the previous panel, your entire statement, unless you declare otherwise, will be printed in the record and you can, if you desire, summarize.

Thank you.

STATEMENT OF LUGENE L. DIETZ, PERSONNEL DIRECTOR, DEERE & CO., MOLINE, ILL.

Mr. Dietz. Thank you, Senator Grassley. My name is Lugene Dietz, director of personnel at Deere & Co. As you are aware, John Deere is headquartered in Moline and is a major worldwide manufacturer of a broad range of product lines in the farm implement, industrial equipment and consumer products industries. The company has annual sales well over $5 billion. Our U.S. employment level is in excess of 47,000 employees. The company can best be characterized as having a very decentralized management style. Our employment relationships are probably somewhat unparalleled in industry as far as the longevity of our typical employees.

As with most other major corporations, we had some concern when President Carter signed the revised Age Discrimination in Employment Act in April 1978. The fact that the revision did not go into effect until January 1979 only gave us additional opportunity to agonize over its potential impact.

Quite frankly, the first brush implications of keeping people in the work force beyond traditional retirement ages was pretty negative. For one thing, we were considering the many people brought into the company on a fast track. They had thus far moved up rather quickly through the company. The possibility that these high potential employees might consider opportunities with other companies if required to wait in the wings for 4 or 5 years was not very appealing. Plus, as other speakers have alluded to regarding their corporations, in spite of our effort to train and retrain people, we too are in a fast-moving technologically oriented company, where there are always a few people who are not able to make the transition to the new kinds of jobs that result.

However, the time between April 1978 and January 1979 provided us with an opportunity to perform an analysis of the overall situation, for which we were very thankful. What we discovered was our projected growth rate, when coupled with the increasing number of people within the company who were reaching retirement eligibility, and the anticipated decline in college enrollments indicated we were going to have a very difficult time filling our employment needs, rather than having a problem of too many employees.

We should note that Deere has long-service employees who retire at a fairly early age on a voluntary basis. People have been retiring at an average age of 59. The thing that impressed us though, was that while they retired from Deere, we found that they were not really leaving the work force at all. In a great many cases, they were seeking other types of work alternatives. In some situations, it was outside of the immediate geographic area, but in many cases it was simply a part time or temporary type of job locally, as opposed to the full-time employment. So the real question became not what can we do to encourage people to retire, but rather what incentives could we provide to keep those people in our employ.

I have to admit our motives were somewhat selfish. The decisions were based primarily on business-oriented questions, rather than a true response to a concern for age. What we tried to do was to discover some flexible work alternatives. We did this and I would like to distinguish between the two approaches that were developed.

First, for many years we have had a program of hiring people already retired for short, unscheduled periods. We bring them back for new product introductions, in cases where we have extraordinary production requirements, temporary employment replacement needs, and the like. These are generally unscheduled work assignments. We would find those folks who were interested in working on some kind of a basis and simply offer them the opportunity to come back and work for us for short periods. This is not particularly innovative. A number of companies are doing this. There is no maximum age for participation, and pension and other benefits are unaffected by the short work experiences.

The second program is more innovative, and I'm not sure many other employers have pursued this approach. This program is designed to permit people while still employed to try out retirement through a part-time work arrangement. What the plan consists of is a mutually agreed upon 1-year contract between the company and employee which provides for employment in a range of 20 to 80 percent of a normally scheduled workweek. It would be on a specific job assignment. We have done it on the basis of job sharing for those opportunities that may only require a half-time or a part-time person. People who enter this program receive a proration of agreed-upon salary and pension benefits based on how many hours they work. For example, they work half-time, they receive the agreed-upon salary for the half-time worked and receive normal pension payments for the time not worked. At the conclusion of the period of work agreement, the employees can do one of three things. They can continue for an additional year if mutually agreed upon, or they can convert back to full-time employment, or they can retire full-time.

Both of these programs have been put in place in anticipation of mutual interest and company needs, which are really just now beginning to surface. At this point in time, the anticipated level of employee interest has not been fully realized.

I would like to make two additional comments. One is that this program was introduced in 1980 and what I have been referring to applies to our salaried employees only. The majority of the wage or production work force is covered by collective bargaining agreements. These program provisions are not currently included in those contracts.

The second is that I think we are trying to find solutions to the very real problems of keeping experienced, qualified people in our employ. We will continue to attempt to find other ways to offer opportunities for work that will in some manner address the changing needs of our older employees.

Thank you very much.

[The prepared statement of Mr. Dietz follows:]

Prepared Statement of Lugene L. Dietz

My name is Lugene L. Dietz and I am director of personnel at Deere & Co. As you are aware, John Deere is headquartered in Moline, Ill. Deere is a major worldwide manufacturer of a broad range of product lines in the farm implement, industrial equipment, and consumer products industries. The company has annual sales well over $5 billion. Our U.S. employment level is in excess of 47,000 employees.

I thought it might be of interest to you this morning if I focused primarily on two topics: First, the general pressure that appear to be affecting employee decisions to retire or continue working; and second, innovative work options available within John Deere for both retirees and current members of the salaried work force who are eligible to retire.

GENERAL OBSERVATIONS

Certainly, the past decade has seen the emergence of major changes in social and economic forces directly affecting work and retirement decisions. Reaction to these pressures has already produced significant legislation: The Employee Retirement Income Security Act, sweeping amendments to social security taxes and benefit levels, changes in age and sex discrimination statutes, a continuing thrust toward nonmandatory retirement, and so on.

It is a fast-paced, ongoing process. Long-term pressures being generated by the shift in age and sex composition of the work force appear to be magnified and accelerated by the more immediate stress resulting from a sustained high rate of inflation and its eroding effect on pre- and postretirement incomes. The future may very well witness additional major changes in the American retirement system to accommodate these pressures—changes in legislation, in employment practices, in retirement patterns, and in the methods used to fund and pay retirement income.

One area of possible change already observable is what seems to be the trademark of the new administration and Congress—decreased Federal involvement in private business. A new relationship may emerge; one in which the responsibility for economic security in old age might shift further to the private sector. Such additional realinement in the form of changing social security age and benefit eligibility requirement may lead to longer retention on the payroll. If this occurs, the Federal Government ought to review options for providing some type of tax incentives for retaining, retraining, and reemploying older workers.

Further, surveys conducted since 1979 by such major opinion firms as Louis Harris & Associates, have reflected a growing public sentiment to completely abolish all forms of mandatory retirement. The same polls have indicated as the No. 1 reason for such opinion the pervasive impact of inflation on retirement income expectations. Those surveys also revealed that the current tendency toward early retirement may be reversed in the not-too-distant future for a second reason: Slightly over half of the people questioned noted they would by preference continue working either full or part time, at the same job or on a less demanding position, instead of going directly into permanent retirement.

A final category of potential impact is a dual pattern of changing demographics. The work force, for the first time in modern history, is beginning to get older and will significantly increase in age in the decade of the eighties. the outgrowth of this statistical trend is the possibility of labor shortages as retirements occur—specifically, a shortfall in technical and professional skills areas that might not be satisfactorily met by greatly reduced college graduation numbers coinciding with the same time period.

DEERE & CO.

Before proceeding with a discussion of approaches used by John Deere to employ retirees and older employees eligible for retirement, a review of basic company work force statistics will be helpful.

As previously stated, Deere currently has in excess of 47,000 employees on the payroll. Of that number, about 17,000 are salaried, while over 30,000 are employed in the hourly work force; 10.4 percent are age 55 or older, and roughly 12.5 percent are eligible to retire. Seventy-six employees are currently choosing to work beyond their 65th birthday. What impact the increase in the mandatory retirement age has had, if any, is not known. The company has nearly 8,000 employees presently receiving regular pension benefits. The average age at retirement had steadily declined for a number of years to a 1978 low of 59.1. For the past 2 years, the average has plateaued at about age 60.

Our hourly work force is largely unionized. It is represented primarily by the UAW, a strong advocate of early retirement—best characterized by the theme of "30 years and out," regardless of age. As a result, roughly 29 percent of that population has accelerated the trend to earlier retirement by going out when they have attained 30 years of service. The concept, for some, appears to have taken on the status of right or entitlement.

Deere has a long tradition of treating retirees as important assets and resources. Under a number of circumstances, the company has historically reemployed retirees for temporary and part-time work assignments. On an ongoing basis, many of our manufacturing units hire retirees as tour guides. Also, it is common to retain retired employees as consultants to utilize their highly specialized skills that can come only from extensive direct experience, particularly as would relate to projects which are temporary in nature. This includes such things as preparation for new product introductions and special programs like our American Bicentennial show of historic farm equipment.

Based on changing and projected company work force demographics and a perceived growing interest on the part of long-service and retired employees, in late 1979, Deere decided to formalize and expand our traditional programs of temporary and part-time employment.

On the demographic side of the equation, we were already beginning to see the early signs of technical and professional skills shortages develop which could only be compounded as more employees reached retirement eligibility. It also appeared unlikely that reduced college graduation numbers predicted to begin in the mid-1980's would be able to fill the gap. Additionally, the company has a generation of employees approaching retirement age with an administrative skills and experience background that could potentially serve Deere well in meeting the challenges and opportunities of what has become a highly competitive worldwide market.

As evidenced from working employees' interest, a part-time concept could permit them to try out retirement under a flexible work program. As indicated from current retirees, there seemed to be a growing desire to reenter the work force on a temporary basis to continue actively utilizing a lifetime of acquired experience and skills.

DEERE PROGRAMS

Effective April 1980, Deere formally implemented two special work programs for salaried employees. The programs have been designed to provide alternatives to full retirement through flexible work schedules beneficial to both employees and the company.

The first special work program is for retired John Deere employees and is intended to provide temporary, unscheduled, salaried job assignments for a specified length of time of reasonably short duration. Such temporary work opportunities could result from such things as extraordinary overtime requirements, vacation replacement needs, and to assist in balancing a short-term increase in workload that does not necessitate permanent hires.

Under the provisions of this program, there are no maximum age limitations for participation, pension benefits are not adversely affected, nor is life insurance coverage or health care protection altered in any way. Pay provisions provide for compensation based on the salary level of the job being performed.

The second program is intended for working salaried employees who are eligible to retire and are interested in working on less-than-a-full-time basis. It is designed as a renewable 1-year mutual agreement that provides for an employee to work 20 to 80 percent of a normal work schedule on a specifically defined job assignment. This could include the concept of job sharing or to fill a need that has only a part-time requirement. Employees participating in this program receive compensation on the basis of a prorated salary and pension benefit during the period of the work agreement. The proration of pay to pension benefit is based on the ratio of time worked to time not worked. At the conclusion of the work agreement, the employee may elect to either return to work on a full-time basis or permanently retire. Employees continue to be eligible for and covered under the normal benefits plans.

CONCLUSION

Both of these special work programs have been put in place in anticipation of mutual interests and company needs that are just beginning to surface. As a result, utilization to date has been limited.

One final point is worth mentioning. Hourly employees and retirees have not been included in these plans because most are covered by collective bargaining agreements. Any change in the work and retirement provisions of those contracts requires negotiation, rather than unilateral company action.

This logically has been a brief summary of general observations and specific Deere & Co. activities regarding older workers. We intend to continue our efforts to develop programs that address the changing needs of our older employees and our company—to the mutual benefit of both parties.

Senator **Percy**. Dr. Crouse.

STATEMENT OF DR. JOYCE CROUSE, RESEARCH COORDINATOR, SCHOOL OF HOME ECONOMICS, EASTERN ILLINOIS UNIVERSITY, CHARLESTON, ILL.

Dr. **Crouse**. I am delighted to be here to address an issue that I have a great deal of concern about. My concerns center particularly on the rural elderly, meaning those people who live in less urbanized areas, and to this extent, much of the information that I am going to give you came from a study that we conducted within a 100-mile radius served by Eastern Illinois University, which really is in the central area of the State, and is mostly rural. Most of the information that was returned to us came from employers who employed less than 25 people. We do have some large employers, but they certainly constitute the minority. We have concerns about employment and older workers in our area because we have a population in central Illinois—actually in the whole Midwest—we have a population that has a great deal of orientation to a strong work ethic. What happens to people when they lose their employment is often not pleasant. Not only does their income tend to be reduced, but in addition to that, damage to self-concept, damage to the way you feel about yourself, and your interaction in your environment reduces the quality of life as well as the quantity of life.

Our concerns center on how we can help people feel good about themselves and continue to have those feelings. We know that feelings of uselessness, and feelings of low self-esteem impact negatively on family relationships as well as on the individual—so it affects the entire family, It is not something that just impacts on the individual himself or herself. What we found is that the majority of people who left the world of work in our area did not want to do so; they left the world of work because it was an expected. Sometimes, they left because employers expected them to leave.

The interesting thing is that we found that the employers did not have any clearcut ideas about when retirement was to occur. We tried to assess how they came about determining their retirement policies, and we found that more than anything else, it tended to be a matter of a kind of evolution—part of it based on the established social security retirement age, part of it based on some mythical concepts that employers got some place or another, about when people were no longer effective. At the same time, we found that many employers just did not have any set retirement policies, and as small employers, they really could get by with that. Often, small employers, do not have exceptional retirement benefits for their employees. We found that most of them were willing to keep the employee on the job as long as the employee felt that he wanted to stay. However, these employers had very few creative ideas about how to help a person who perhaps did not want to work full time any longer—who perhaps did not have the endurance to work full time, but could be a very productive worker for 4 to 6 hours a day. They really have done very little to try to find creative ways to help people stay on the job. We found that less than 2 percent of the employees in the agencies and organizations that we surveyed were over age 65, and workers in the 45- to 65-age bracket comprised another 26 percent of the workers. All totaled, of the employees in the area that we surveyed, 72 percent of those employees were under 45 years of age.

One of the things that we learned from the employers is that they felt that older employees who were looking for jobs did not know how to impact into the job market. The older employee who goes for a job interview may never have gone for a job interview before. He may have been hired 45 to 50 years ago because somebody said, "John Smith is a good worker," or "Susie Jones is a good worker," and so got hired without going through a job hunting and interview process. As a result an older worker may not know how to do that. If he did know how at one time, it may have been so long ago that he has forgotten. We have spent a lot of vocational education moneys in the last few years trying to help younger workers learn how to do those things, and we have done little about helping older workers learn how to go for a job interview, develop a résumé, and "sell" themselves to an employer. An older worker may be a really good worker, but not know how to "sell" himself; how are we going to help him do that.

Employers indicated that older workers needed job-updating skills. Older workers may not have had the opportunity to keep up-to-date. He has been doing the same thing for several years; things have changed so that when he moved from one organization to another, he really did not know some of the newer technology that might be appropriate in a new agency, and so he needed to update skills and explore the world a little bit. We know, too, from several sources, that the information about how to impact into the job market needs to be available when the person needs it, not when some organization, institution, or agency decides they will offer it. When you need the information, it needs to be available, and what I visualize is that senior centers, public libraries, educational institutions, and social service programs could work together and develop a network, probably using some audio visual kinds of materials so that older workers who are trying go get back into the job market can have that material accessible when they need it.

The information about how to impact into the job market, needs to be appropriate for older people, and not just for high school graduates. The kinds of information—the level at which you present things for a recent high school graduate—may really be a source of embarrassment if you try to use the same things with an older adult. We need to examine some of the kinds of information and the way we deliver that information.

Another thing we found is that most of the employers in the area that we surveyed felt—remember they were mostly small employers—felt they were very constrained moneywise. Our survey was completed about 1½ years ago, and certainly the economy has tightened since then, so the employment opportunities which were ranked as low at that point in time in central Illinois would probably be even tighter now. In this vein, it seems to me that one of the things that we might do, and which certainly is in line with the work ethic and the employment ethic in the United States, is perhaps try to help older people become entrepreneurs and develop their own employment opportunities. Certainly, we do have some materials that were developed at the University of Illinois that really could be adapted to help some older people make their own employment opportunities. For many older people who have been intrepreneurs and who can no longer pursue the kind of achievements that they have been doing, maybe a new entrepreneurship venture might be the way to go. I'm happy to learn that Kay McGovern is working on the cottage industries kinds of projects because that does offer some kind of potential, but to develop cottage industries or other kinds of entrepreneur marketing, we need to think about addressing marketing outlets.

It seems to me that these are some of the kinds of concerns that do apply to rural people. We do not have some of the benefits, but we do not have some of the problems that you have in highly urbanized areas, and we do have some positive things.

Senator **Percy**. Actually, Dr. Crouse, I remember and recall with great pride and interest your Charleston area activity center. No doubt it has been a great success.

[The prepared statement of Dr. Crouse follows:]

PREPARED STATEMENT OF DR. JOYCE CROUSE

A longer life expectancy for people living in the United States today, combined with technological changes and earlier retirement in much of the work world, has created significant social and economic problems for that sector of the population identified as older Americans. At the present time, persons 65 years of age and older constitute about 11 percent of the population. It is anticipated that by the year 2030 one in five persons living in the United States (20 percent of the population) will be 65 years of age and older. As the percentage of older Americans in the population is increasing, the number of older persons in the work force is significantly decreasing. In 1950, nearly one-half of all men 65 and over remained in the work force. In 1978, among people 65 and over, only 1 man in 5 and 1 woman in 12 were in the work force (hearings on "Retirement, Work, and Lifelong Learning," conducted by the Senate Special Committee on Aging, 1978).

Workers 65 years of age and older are only part of the group of older Americans who are unemployed or underemployed. The Department of Labor defines older workers as persons age 45 and older, and these middle-aged older workers (45 to 65 years old), as well as persons 65 and older, currently represent a large portion of the unemployed and underemployed in the United States. These persons are also likely to have longer periods of unemployment than do their younger counterparts.

The decline of older workers in the labor force has been generally viewed as a result of the affluent American society, with the assumption that people retire from work because they wish to do so and can afford to do so. This assumption is not valid for a great number of older workers. Approximately two of five older persons did not retire of their own choice and a good number of these persons wish and need to continue working for both economic and emotional reasons.

Retirement, particularly early retirement, and unemployment impact negatively on many older workers and also on society as a whole. For instance, in the area served by Eastern Illinois University, Americans 60 years of age and older make up almost 20 percent of the population, and approximately 45 percent of these persons have incomes below the Federal poverty guidelines. To these figures, add the number of persons 45 to 60 years of age who desire to enter or reenter the labor force. The low income level for many persons in this group is directly related to loss of employment income, with a resultant fixed income that does not keep pace with inflation.

Older persons who have insufficient income are more likely to experience difficulty in adjusting to retirement than are those whose incomes are more adequate. Other problems relating to unemployment that may be experienced by older workers include loss of self-esteem (Clark & Anderson, 1967), feelings of uselessness (Schneider, 1971), and feelings of stress in the marriage/family situation due to redefining territorial space and roles (Kerckhoff, 1966).

For many people, role identity and one's feelings of self-worth and dignity are closely integrated with one's concept of self as a productive worker. For persons in rural areas, the work ethic may be particularly significant for feelings of adequate self-concept and self-esteem. Feelings of low self-esteem tend to impact negatively on the functioning of individuals in society by affecting physical health, mental health, and interpersonal relationships. Training leading to employment, income supplementation, and/or meaningful use of leisure time can impact positively on self-concept and self-esteem; however, it is important to remember that older people often experience "embarrassment" when trying to learn new skills in environments developed to teach children.

Concerns for income adequacy and employment opportunities will become increasingly important to all segments of the population as the number of older persons continues to increase. Unless declining labor force participation rates are reversed, the United States will have an older population more and more dependent on social security, private pensions, welfare supplements, and other social services. Such a skewed ratio could threaten the stability of social security and other retirement assistance programs. Younger workers face a tremendous tax burden as the percentage of the population age 45 and older increases unless a larger number of older persons are able to be viable members of the work force. The young may *demand* that older persons go back to work to help support social services systems rather than drawing money out.

Occupational training aimed at providing skills leading to part-time or full-time employment would help some older persons alleviate part of their problems resulting from low incomes, would provide socially acceptable ways to deal with problems of role identity for older persons, would help older persons remain a viable force in the community lifestream, and would make services available to other older persons who need assistance in order to remain independent (as opposed to institutionalization).

In many cases, older workers prefer to reduce the number of hours worked per week. Part-time or flexitime employment opportunities are viable job options that promote the needed income supplementation for the older person, and at the same time contribute to the support of the total economy.

A study conducted in central Illinois at East Illinois University in cooperation with the Illinois Department of Adult, Vocational, and Technical Education of the Illinois State Board of Education, indicated that employers in general were not opposed to hiring older workers; however, they had some stereotyped ideas related to the effectiveness of the older workers. Some of these are positive and some impact negatively on the older worker. The majority of employers indicated that ability to perform the job adequately was a prime factor in selecting employees and characteristics such as reliability were particularly significant. Some of the significant findings from this study include the following:

1. Less than 2 percent of the full-time employees of employers returning the questionnaire were 65 years of age and older. Twenty-six percent were between 45 and 65 years of age. This means then that 72 percent of the full-time employees were under 45 years of age.

2. Older workers comprise a larger percentage of part-time employees. Approximately 6 percent of part-time employees are over 65. Another 11 percent of the part-time employees are between 45 and 65 years of age. Many part-time workers would prefer full-time work and work part time only because nothing else is available.

3. Many older workers, particularly those over retirement age, want to work in order to supplement inadequate retirement income. For some of these workers, peak or seasonal production time jobs would provide sufficient income supplement. Forty-three percent of the employers responding to this questionnaire indicated that they hire peak or seasonal production time employees. For some employers, retired employees, who are already trained, may be the best solution to this need for extra help. Sometimes, hiring a retired employee becomes complicated due to fringe benefit costs, union regulations, and employer hiring policies. Some of these complications can be resolved through a direct payroll billing process by a third party such as a not-for-profit older workers employment program. Project reentry, in Harvey, Ill., is an example of such a program.

4. Most employees who were over age 45 started with the organization at a younger age. The next two categories of importance were, "hired because of specific skill," and "selected the job because it was the specific type of employment they were seeking."

5. Eighty-seven percent of the employers responding to this survey indicated that their organization did not have a mandatory retirement age. Evidence to indicate whether this is a longstanding position of the employers responding, a policy change in response to recent changes in Federal legislation impacting on retirement age, or whether an unofficial but commonly accepted retirement age has become established is unclear. How the question of retirement was handled in the business did not appear to be a major concern. Most employers commented that they had not had to deal with that problem. Some commented that if a person wanted to stay and could do the job, they would keep them; however, there was little evidence of adapting the job to fit the needs of the "retiree."

6. Fringe benefits were available mainly for full-time employees and were very basic—social security, health, and life insurance. Benefits available after retirement centered on programs in which the retiree can continue to pay in on a volunteer basis.

7. Attitudes toward older workers in the subgroup 45 to 64 is very high. Most employers have not had experience with workers in the 64 to 70-plus age category. Many expressed negative attitudes about younger workers who "lack the work ethic." The most important characteristics sought in new employees is responsibility or reliability. Most employers contacted indicated that one real strength of older workers was reliability. Other positive strengths of older workers which these employers listed included less absenteeism, lower job turnover, high worker motivation, and flexibility.

8. The number of new workers needed within the next 5 years was assessed by these employers as "low." Small business managers viewed small businesses as financially constrained. It is significant to note that the economy is more constrained now than it was during the time this study was being conducted; therefore, one can assume that the number of new workers needed would be even lower.

9. Recent retraining and development of new skills were viewed by employers as making people over age 45 more employable. Approximately 13 percent of those interviewed perceived "improved self-confidence" as a significant need for older workers.

10. The educational activities should include training for new job skills, updating existing skills, and helping people learn to be more effective in seeking employment. Information is needed by older workers related to how to identify employment opportunities and career development and training programs. Job counseling, assessment of job skills, developing résumés, interviewing skills, and developing self-confidence, as it applies to job hunting and job performance, were identified repeatedly as aspects of employment seeking needed by older workers. Informal information obtained from older persons and directors of senior services programs, women's programs, and displaced homemakers programs further indicates that this kind of assistance and information needs to be available "when the worker needs it" as contrasted with "when some agency or institution offers a program." Jobs are more likely to be obtained from referrals by family and friends and through direct application to employers than through any other sources of job information.

11. Many employment opportunities can be developed through entrepreneurship education activities and can help the older worker make his own jobs; however, entrepreneurship information should be available in order to help the older worker to be successful in entrepreneurship ventures.

12. Review of the literature identifies the following areas as viable options offering either part- or full-time employment for older workers.

(a) Repair services. Shoe repair, personal tailoring and clothing maintenance, furniture refurbishing and repair, auto repairs, and home maintenance services.

(b) Craft and hobby activities.

(c) Part-time job sources and seasonal and peak-time job opportunities. Tourist agencies, churches, schools, hotels, insurance, libraries, hospitals, catering firms, department stores, real estate, restaurants, professional offices, gas stations, theaters, and amusement parks.

(d) Selling occupations. This might be sales for an employer or a direct sales activity.

(e) Work in professional or specialized occupation areas on a diminished time basis.

13. Health service areas have traditionally been regarded as sources of part-time employment. A survey of selected medical facilities indicated that the ability to "do the job" is the primary consideration in the hiring of employees. Pertinent comments reflecting concerns of health and medical employers regarding the hiring of older persons in medical centers include the following:

(a) The constant need for trained registered nurses in some communities has encouraged employers to develop flexible time schedules and job sharing.

(b) People over age 45 often want a higher salary than they are qualified for. Older workers with no experience are often not willing to "start at the bottom and work their way up."

(c) Many older workers are unwilling to work weekends or at night, yet 24-hour coverage of jobs is necessary for the operation of a medical facility.

(d) Some part-time employees (particularly some women) only want to work a short time. Employers find it too costly to train someone who will not stay on the job for a reasonable length of time.

14. Craft activities, sales activities, and repair and maintenance activities seem to be viable self-employment alternatives. In order for craft activities to be cost-effective, better marketing outlets need to be developed in many areas. A survey of selected arts and crafts programs and persons who are regarded as authorities on the marketing of cottage crafts indicates a wide variety of production and marketing patterns. Information obtained indicates the following:

(a) The amount of money to be made from the production and sale of craft items is related to the quality of the product being produced and the availability of marketing outlets.

(b) Local demand for craft items varies from one community to another.

(c) Marketing outlets include booths set up periodically at craft fairs and shopping center malls, hobby and craft shops who buy completed items for resale, hobby and craft shops who accept items on consignment for a fee or a percentage of the profit, local craft production and marketing operation, private samplers or craft shows, and boutiques or sales counters operated in conjunction with senior citizen programs.

(d) Wholesale marketing of completed craft projects is considered by several sources to be the most financially rewarding.

(e) There is a market for partially finished products and/or craft supplies such as picture frames, unfinished wooden plaques, and other items that craft supply houses could market.

(f) Many craft outlets sell primarily software (sewn or needlework items). This is probably related to the lack of availability of equipment needed to produce other types of craft products such as those that require woodworking equipment.

(g) In the general area covered by this project, profit margins on craft items tended to yield a "double your money" or 100 percent profit over cost of materials. Craft marketing publications indicate that three times the cost of materials is a good way to determine the selling price for many craft items. Contrasting these two sources of information indicates that crafts in this geographic area may not yield as much profit as in other areas of the United States.

Recommendations for helping to develop employability of older workers in the area served by this project include the following:

(1) Develop educational opportunities for older workers which include the following components:

(a) Career counseling: (1) Assessment of personal skills and experiences related to employability, and (2) assessing career development options.

(b) Development of self-confidence as it relates to job-seeking activities.

(c) Job-seeking skills: (1) Résumé preparation, (2) how to get an interview, (3) interview techniques, (4) personal appearance, and (5) identification of job opportunities.

(2) Develop delivery systems for some aspects of the training identified above that could be available at the local level at the teachable moment—time of need. For instance, audio cassette tapes, video tapes, and learning packets on motivation, interview techniques, confidence building, personal appearance, how to get a job inter-

view, and other job-seeking skills could be available at the local library or the senior citizens center so that older workers could use them when the need exists and could use them over and over.

(3) Review and evaluate existing training material and compile a resource inventory of these materials.

(4) Identify and disseminate information about existing employment training programs so that older workers can locate needed training. Community colleges, universities, women's programs, senior services programs, and displaced homemakers programs often have specific job skill training available. Dissemination regarding these offerings should be included in the aging networks across the United States.

(5) Develop entrepreneurship training activities that would help older workers to make jobs for themselves. The materials developed in the entrepreneurship education program at the University of Illinois lend themselves to this activity.

(6) Work with the State departments on aging, chambers of commerce, and tourism agencies to develop better marketing outlets for services and crafts. Cottage industries can offer successful financial rewards where marketing outlets exist.

Senator PERCY. Mr. Davis, I know your testimony and statements today will be provocative, to say the least. We are delighted to have you.

STATEMENT OF LEONARD L. DAVIS, JR., ROCK ISLAND, ILL., PRESIDENT, QUAD CITY FEDERATION OF LABOR, AFL-CIO

Mr. DAVIS. Good morning, Senator Percy, Good morning, Senator Grassley. Good morning, ladies and gentlemen. We are pleased to be able to offer comments on "Employment: An Option for All Ages." We understand the focus of this testimony is to be directed at exploring employment for those persons who have left the work force due to retirement, displacement, and a variety of other reasons.

It is interesting to us though, however, that a hearing on this topic is taking place in the midst of one of the most devastating shifts in employment. More than 8 million people are now out of work. More than 450,000 Illinois citizens are out of work, and some 10,300 Illinois Quad Citians are out of work. Facts recently gathered from the U.S. Department of Labor confirmed that nearly 16 percent of black Americans are out of work. That 16 percent means almost 5 million people. Fifteen percent of our majority youth are out of work and 45.7 percent of our minority youth are also out of work.

We would be remiss in our duties, Senators, if we failed to observe the tremendous amount of suffering experienced by hundreds of thousands of workers and their families in Illinois. So we gather here this morning to address the very legitimate concern of retired workers who are being forced to reenter the work force. Yes, forced. Inflation has become a double-barreled shotgun, victimizing thousands of retired Illinois area adults who have planned for years to lay down their tools, leave the plants, their stores, their offices, warehouses, to enjoy their senior years free from the rigors of day-to-day work drudgery.

We also know of hundreds of workers who postpone their retirement annually because their negotiated pension plans did not have sufficient escalators. They similarly face the continuing problem of utility increases annually of 15 to 20 percent, gasoline price increases disproportionate to their income, and here we are today exploring the topic of options for employment.

We know that in this community and others, there are countless opportunities for the excellent experience, wisdom, and marketable skills of retired workers to be involved in a voluntary capacity. Thousands of retired people give freely of their knowledge and abilities through the volunteer sector, and this is good. The problem many retired face in the pursuit of this needed voluntary involvement is the high cost of transportation and fuel. These two considerations sometimes make it unaffordable for a retired worker to seek entry into the voluntary work force.

For many reasons people desire to continue work of some kind, and I believe work is vital to one's state of mind, both mental and physical health, but whether we work in our retirement years, combine work and leisure, or simply work at leisure, it should be the individual's choice, and individuals' choices are being severely limited due to a poor return on our public investment in the social security system. Those of us in the know are fully aware that the best return on our social security investment has not been realized by those in charge. That has to be remedied, any investor who invests his hard-earned dollar wants the best and most secure return available, and that includes workers.

We understand, as we sit here today, that it may be desirable to scale down Government, but it appears to us and others that the burden is falling entirely on the poor, the unemployed, the medically underserved, minorities, and the elderly. I ask you this morning why is the threat to our elderly, our retirees, our seniors who have paid with their labor, who have paid with their toil and taxpaying and countless other contributions, why is this being rewarded with forcing reentry to the work force or financial, psychological, mental, and physical ruination.

We in the AFL–CIO can only say for our part that we will continue to be committed to preretirement planning, not only for our union members, but for interested members of the general public. We will continue to organize retired workers to employ the essential social, psychological, moral, and political support necessary to promote the general welfare of retired workers.

And in conclusion, we reaffirm our belief that desire, not economics, should be the motivating and driving force encouraging workers back into the work force. We urge you to support the continuation and enlargement of programs which seek to utilize voluntary resources of retired workers. Projects and programs like project NOW, RSVP, senior aide through information and referral, the voluntary action center, and the Western Illinois Agency on Aging. We are well aware, and we are aware that you know resource development and management does not happen on its own. The programs I have mentioned are regarded as effective in our Quad Cities community.

While some of the problems we have identified may appear to diminish the prospects for locating options for employment, I might relate to you the words of one congressional hero, Hubert Humphrey, who said "no nation has ever gone bankrupt building a better society."

There are more jobs to be done in this Quad City area than we could ever develop the manpower to sufficiently do. There are roads to be built, parks to be maintained, libraries to be erected, our downtown and older neighborhoods to be renovated. So I'm encouraging us to push for voluntary and other beneficial programs for retirees and others, but let us also put Quad Citians back to work.

Thank you very much. [Applause.]

Senator PERCY. Thank you, Mr. Davis. You either have a great many members of your family here or a lot of friends. I thank you for your provocative and challenging testimony.

I would like to say that we do have on this panel a representative of one of the most enlightened companies in the United States. We have an enlightened viewpoint from organized labor. I have visited the training center and the Upper Peninsula of Michigan headquarters of the UAW, now a part of the AFL-CIO. They have done an outstanding job in developing retirement programs, counseling, and then caring for retirees long after retirement. Someone gives a damn about them.

We have also a great university spokesman, and now we turn to Ms. McGovern, who will speak on behalf of the program that the YMCA has developed. Again, we have the private sector. So we have virtually every aspect of American society working on this common problem.

Ms. McGovern.

STATEMENT OF KAY McGOVERN, VICE PRESIDENT, PROGRAM ADMINISTRATION, YMCA OF METROPOLITAN CHICAGO, ILL.

Ms. McGOVERN. Senator Percy, Senator Grassley, and members of the audience, I am happy to be here today and I would like to take about one-half minute to explain why the YMCA is represented here. Very often, people think that is the place where you go to learn to swim or perhaps to preserve your physical fitness. We have, for the last 15 years, been involved in what we call third-age programs. We have had a nutrition program for the whole of Du Page County. We have been involved in CETA employment programs in both the city of Chicago and in Du Page County. We do the information referral programs in one-fifth of the city of Chicago. We have also in progress—and it will be nearly completed within 2 months—a first model of YMCA housing for senior citizens in this country. It is unique in that it will house the older person in one-bedroom apartments, but will also maintain a physical fitness and traditional YMCA program for all ages in the community. So we come from long years of work with the elderly, and the program that I am going to talk about is really based upon some of the experiences that we have had, experiences that our staff have brought to us.

So, I want to thank you for this opportunity and I will stay with my written outline. I want to speak as an advocate for the older persons who are in need of employment, but who cannot enter the job market through a more traditional door, and finally, share with you our latest program that is now 2 years old.

YMCA of Metropolitan Chicago has for the past 8 years worked with and placed older persons in both full- and part-time jobs. We are part of the network that was mentioned earlier when ABLE was giving its presentation. Our employment programs have been both government and privately funded, and until 3 years ago we felt that we and the members of the network had really begun to reach those people who were interested in reentering the job market. We suddenly realized that this was no longer true. Our social workers and other members of the staff began to meet with people who were what we call both neighborhood and homebound. Homebound because they have arthritis that prevents them from getting on to public transportation, or down the steep stairs in some of the apartment houses, or perhaps homebound because they are having to be responsible for another member of the family who is either physically or mentally dependent upon them. So we began to realize there were some things that needed to be done for the neighborhood bound because they are no longer able to get on to the public transportation or to enter into the ordinary job market the way other people can. They have had skills that need to be sharpened up just a little bit.

I had an experience about 8 years ago that I want to share with you. I thought that everyone who was over 65 years of age loved to do craft work and I could not understand why I could not get a craft program going at one of the Y's that I was working with. Then, I began to think about myself—and other than painting a room or maybe doing a little glass-cutting—I do not have those skills, and I am approaching that same age. One woman came to me and said:

> I do have hand skills, but give me a reason for using them. I have made all the products that I want to give to my children, my grandchildren. I have given all these things to my friends as gifts. I really want to work. This is the only skill that I do have.

So it began to get into our head that maybe there was some kind of market, and we have been playing—I say playing—struggling with it since that time. We also realize that these people are dependent upon us for additional income. We have heard many remarks about what is happening because of inflation. They also need the socialization that goes on when they have someone coming into their home to bring some work materials and they know there is someone at the other end of the telephone if they want to ask some questions. These are also people who, just a few years ago, were as sure of their future as we think we are at this very moment. They were independent to move about on their own. They were able to purchase a gift for a friend or relative. They had a dollar to do it. They were seldom alone unless they wanted to be alone, and they were able to make all the decisions that give value and dignity to human life. These are things we have heard over and over again but really do not come to us and be part of us until we hear them from the people that are affected by them.

The program I want to share with you has been in existence for a number of years across the country but has really never been successful because of some preconceived ideas that we hope are changing. It has been called elder crafts, elder artisans, cottage industry. All of them have one idea in common. They use the hand skills of older persons to produce a product and then they try to sell it. The Y has been involved in all of these and we have struggled. The plus that has come out of our struggle, I think, are some learnings that I will share with you very quickly.

One, that good skills are important. Hand skills are important if we want to get into this kind of market. Two, that we must develop product lines, and we have been very involved in that, and these products must have a market. We are very excited about the market that we think we now have. Quality control is really essential to have people to make something just to make it and to accept it is not as a favor to the person or to the program. So we must have quality control.

We also must have sales sites, and those sales sites cannot be just one place. It may be a storefront. It may be a business area with thousands of people going across it. We also need contracts with department stores. We also need to be involved with the little advertising booklet you get at every holiday time showing products. We are reaching in every direction.

I have a staff person who has just come back from both Washington and New York. We are happy to say at this point that Marshall Field's has just picked up its first major order. Macy's, R. H. Macy in New York, has now given us a substantial order. These are the kinds of things that we need to be about. We are hoping that we can, in talking to you today, get you interested so that in your community you will be about doing the same thing, taking a look at it and seeing if maybe we can develop a national network that will be able to produce large numbers of products when we need them. We have gambled on the fact that we had the work force to do this and so far our work force has been able to produce the products, because to take a major order and then not be able to fill it could be the death stroke of this kind of program, and we have been very fortunate.

We have about 250 people now involved in this program. It came about through the mix of Government and private money, initially through CETA funding. CETA funding was used to train the people, retrain them in the hand skills that were needed for designated products. It did not just teach anything. They were really taught to produce certain kinds of products. One of our CETA workers became our designers. We took her off the CETA program. We found out she had marvelous skills. She could make the appliques that are making these most interesting in the gourmet shops of both Marshall Field's and R. H. Macy. The Smithsonian Institution and other art institutes are very interested because we are developing products that are original in design—both Indian and Amish design. These are very good. They are very competitive in the market. It is what we have been about.

I will not take more time to explain this. I think we really have it off the ground. We are excited about it and we are hoping that across the country we will be able to get other people interested in doing this in their communities.

Senator PERCY. Thank you very much indeed. [Applause.]

Even though we are running about 15 minutes behind schedule, I am going to take 1 minute to say that when you talk about what you are accomplishing, it took me back to the days my daughter, Sharon, after she moved to West Virginia, she founded and chaired the Board of Mountain Artisans. She had 400 women working in homes. They could not leave to go to the factories, but they could do patchwork. Our home is just covered with drapes and clothing they made. Sharon has modeled their creations for Saks Fifth Avenue and for Bergdorf Goodman around the country. It really has been a great inspiration to see what could be done, and I wish you the very best of everything.

Ms. McGOVERN. Thank you.

Senator PERCY. I have a few questions and I would like to start, Mr. Dietz, with you. Deere & Co. has been very successful because it has been so sympathetic of the needs of older workers as seen by the special efforts that you have made to bring them back to work. You have wide acquaintanceship with the industry. I know that you and I have gone to the Business Council together where we regularly meet 165 major companies in this country. Why do you feel other companies are less sensitive than Deere & Co. to this need and have less vision about the potential that exists for the company? It is just good business, in addition to being the right thing to do.

Mr. DIETZ. I am not sure, Senator, that I am in a position to respond for other companies. I think our position is a little different in that, as I mentioned earlier we do have long-service employees and a pension plan that encourages early retirement. That, plus looking at our history and the forecast of company growth over the next few years, indicates that it is a business situation that we are addressing, as well as human needs.

I know there are many companies that utilize the first of our two programs. I am not aware of any that have the formalized relationship as highlighted by our second program.

Senator PERCY. Do you limit your hiring of older workers who have formerly been employees at Deere, or do you take in people that have also been—have had other employers?

Mr. DIETZ. Our primary sources, of course, are former employees, but not exclusively. We have hired selected individuals to fill skill voids—people in their forties, fifties, and even sixties, but not any large numbers. I think the primary effort on the part of the company is satisfying the need of our own employees.

Senator PERCY. Would you recommend that companies engage in a similar program, largely because it is a humanitarian or the right thing to do, or because you have found it is really a cost-effective program, and it really does have a payoff?

Mr. DIETZ. In our case, it has been the latter, strictly a business decision, as to where we can source our employment needs in the future, and this appeared to be by far the better place.

Senator PERCY. Dr. Crouse, some people claim that older people take longer to train, and actually it is more expensive to train them than younger workers. What does your research show?

Dr. CROUSE. I would say that it does not matter whether you are young or old. What probably makes the difference is the way you go about it and the materials that you have available to use. It takes a lot of time to potty train a 2-year-old. Older people have some skills that 2-year-olds do not have, or that 15-year-olds do not have. So I think it is a matter of adapting your techniques and adapting your material. They have a need to know too. Sometimes, you have to salt the horse to get them to come to water when you are talking about younger people. But older people—when they come, they are there because they want to be. They may push the teacher.

Senator PERCY. When I was writing my book that McGraw Hill published, called "Growing Old in the Country of the Young," I listed a series of myths that I had found in my research, myths that people have about older people. I stated the myths and compared it with the facts that my research gave me.

There are a certain number of stereotyped ideas about older workers. What are some of these negative misconceptions, or myths, you might say, about older workers, and how important do you think they are in the nonhiring of the old? What do you think we can do to get rid of those myths?

Dr. CROUSE. Well, I think some of the stereotypes have to do with the fact that—well, not facts—have to do with the ideas that people have that older workers are not going to be reliable because of health problems, and that they are going to be accident prone. These are two of the biggies that we picked up in our study, and yet when you really went out and talked to the employers, what you found is that that older worker was not accident prone. He was responsible. He had a lot of thought to put into his actions, and therefore, he did not take the risks that younger people take. He was reliable, and he would be there on the job day after day, and his work production was high. Even though the employers, off the tops of their heads, would say older people are not going to be the most responsible. Then, when they got to thinking about it, they would say, "Hey, these are our best workers." Older people have a work commitment. So those were some of the things we picked up.

Senator PERCY. Mr. Davis, the Department of Labor is considering a regulation which would permit retirees to work 40 hours per month without losing any pension benefits. What is your attitude toward this idea?

Mr. DAVIS. I think again it is a Band-Aid that really does not correct the ill. It seems to address short-term solutions rather than the long-term solutions. I indicated earlier that those individuals who desire work and are not really being forced into a work-type situation due to economics ought to enter the voluntary work force. I have no problem with—it seems to me that one of the things that a person ought to be able to make a decision about is after having toiled or worked for 30, 40 years, about whether or when reentry ought to take place in the voluntary work force. I think too many people are actually being pushed and forced against their will, because of the uncertainty and the anxiety caused by very difficult economic times, and I think that it would not be the concern or the interest by many retired workers of considering actively seeking out employment for pay were the pressing matters of meeting the day-to-day utility obligations and other kinds of increasing expenses which are the result of the concern for social security payments being cut back. There are all sorts of scares. As a worker about 40 years old, if I were to have the option of retiring or not retiring today, I would choose the option not to retire, and I think there are lots of good reasons for that.

When we create an environment in which the person who has worked for 30-odd years can make a choice because he has done the planning. He or she has done the planning or done the preparation, and that planning and preparation means that that worker's savings and income will be eroded by unduly high inflation. I think we should not have to look at a patchwork piece of legislation like ERISA is proposing. [Applause.]

Senator PERCY. In talking with the thousands of people who are reaching retirement age or at retirement age, I have found a great many who say, well, look, I would really like to get away from the grind, getting to work at 7 or 8 o'clock in the morning, leaving at 4 every day of the week. I would feel a lot better if I could work 2 days a week or 3 days a week. In fact, I have got a buddy—we would take a full-time job and we would pair it off, 2½ days apiece, something like that, but a number of collective bargaining contracts by labor unions prohibit or strongly discourage part-time work. Why?

Mr. DAVIS. I think the statistics I gave you earlier, indicating that some 8 million-plus workers are out of work, is one of the reasons why the AFL-CIO continues to actively discourage persons from reentering the work force for pay and part of that discouragement is brought home through the establishment of pension programs that are designed to make it possible for a person to live comfortably under ordinary times, and I think that this is the key because these are not ordinary times, and in the face of the conditions that we are now experiencing, it becomes very difficult for we in the labor movement to continue to oppose the individual who must seek part-time employment to survive.

We recognize that all kinds of social support programs are being removed and they are being removed at a much faster rate than the planning that took place to develop them in the first place, and the nondiscriminatory slashing of some of these programs is making it possible, making it necessary, that folks who in the past who have not had to work are going to have to seek some kind of employment for pay, and we think that is a crying shame. [Applause.]

Senator PERCY. The last question I have I will precede by stating that when I ran for public office originally, for the governorship and then the Senate, I was actively opposed by organized labor. However, after that I was endorsed by the AFL-CIO and the UAW. I have appreciated it and I have enjoyed working with my labor advisory committee for a decade now. That has not stopped me from disagreeing with some of your policies. I throw out a problem that Chuck Grassley and I were really grappling with. Here we are dealing with older workers, but we also have a terrible problem with youth unemployment. Just look at East St. Louis, Rockford, this community, and West Side and South Side, Chicago. We have, among minority youth, nearly 50-percent unemployment. This is the cause, in part, for crime and drug abuse. Young people feel unneeded, unwanted, unable to be a part of the economic community, and they go to the streets. They turn to drugs. They need money. That brings on mugging and other street crimes. So, it is a very expensive problem for society. I have grappled with my labor friends on this issue. I was pleased to be the first Republican Senator in the history of Illinois to address the AFL-CIO at its convention 10 years ago. I have attended again many times since. I have always thrown problems out to them for discussion, and I have brought up this youth problem to them for years. I say, come up with an answer.

Now, we have come up with an answer that we are willing to experiment with. Youth differential. Instead of having a government training—I can see your hair bristle right now. Organized labor is really avidly against this one, but I just keep saying, give us another idea then.

Now, here is the way I testified on it this year: Statistics are still alarming; they are getting worse; the training programs have not been working; the cost is very high. We train young people for jobs that do not exist. Let us try out a youth differential, 85 percent of the minimum wage. That is a 50-cent piece, which we in a sense, would give the employer to train that young person, providing they have not displaced an older worker, and they pay minimum wage after 6 months.

Now, we have Mayor Bradley, a great black mayor in Los Angeles. He said, "Give me the authority to do it. I have got to get these young people off the street. I have industries that are willing to cooperate, but the law prohibits me from doing it." Mayor Koch in New York says, "Give me the authority to do it." He wants to do it. You have got mayors desperate to find ways to get young people on jobs and off the street. Is there some way we can work together on this, and can you explain, Mr. Davis, why organized labor is still so adamant about even an experimental program, not nationwide, but just try it out? I was a manufacturer. I liked to test-run things, try them out. What is the answer?

Mr. **Davis**. Let me tell you one of the answers, Senator, and it was working here in the Quad Cities, and I had the privilege of providing some of the statistical data that provided the basis for establishing the youth employment program in the Davenport area of the Quad Cities. Let me tell you that the YEP program was funded at a level of less than $100,000 a year. Let me tell you that the program found 200 jobs annually through training and identifying jobs through the development of jobs with the private sector in the Quad Cities, more than 200 jobs each year. Let me tell you that that was a very, very inexpensive program compared to the $22,800 a year it takes to incarcerate a young person who finds himself at odds with the law.

That is an alternative. I do not find it to be a reasonable alternative to hire three-quarters of a person in the form of a teenager because I see that as just the beginning. I see that the beginning to doing that with women. I see that beginning to do that with elderly workers and while you do not effectively displace, you do not necessarily implement an affirmative action program to hire the elderly when you can hire the teenager at three-quarters of the wage—of the hourly wage that is being offered. No, it is not an acceptable alternative. I doubt if there is anyone in this room that would like to work—do the job as is done by anyone else for three-quarters of the hourly wage. Is there anyone who would like to do that in this room? I do not think so. Even for the training experience.

Senator **Percy**. You have changed my percentage. I said 85 percent.

Mr. DAVIS. Well, 85 percent represents something less than what is fair when, across the board, others are receiving an equivalent to 100 percent of hourly wage.

Senator PERCY. I note with pleasure you did not get thunderous applause on that, and so let us reason together on it. [Applause.] And see if we cannot figure out a way.

Senator Grassley, do you have any questions?

Senator GRASSLEY. Well, I do have a few, but I know we are running behind, and before this panel is dismissed, I would like to clear up any misconception of why a hearing like this is being held in 1981. It is not just because you and I are concerned about the economic plight of people today in a time when the economic situation is not as good as we hoped it would be. It is because of an idea that you and I have always pursued, that whatever has been done through law or through practice that causes discrimination against older workers and senior citizens must be corrected. We would want that to be the situation, even if there were not any unemployment. Even if we did not have as much inflation as we have now, and even as far back as 1967, about the time you started with the U.S. Senate, and I was still in the Iowa Legislature, there by that time 10 years, I think. I introduced legislation to do away with mandatory retirement in State employment in my State at that particular time. Your sponsorship of legislation since you have been in the Senate indicates that you have had the same ideal.

I feel that we are here not so much because the economic situation is the way it is, as we have an idea that we want to have people judged on their contribution to society, upon their ability to do the job, not upon their age or the perception of how people can respond when they get to be a certain age. One of the things I want to do away with in this process, and in direct response to some of the things that Mr. Davis has said, would be the potential or real guilt that people have when they get to be a certain age and feel they ought to move out of a job and make room for somebody else. I think that we need to be concerned about unemployed people whether they are 20 years old or 65 years old.

Mr. DAVIS. I have to agree with that. [Applause.]

Senator PERCY. Thank you very much indeed.

Ms. McGovern, just a quick question to you. What would be the average wage one could earn by participating in your cottage industry program?

Ms. MCGOVERN. We have people at this point who are averaging $300 a month. They really take on their own workload, determining how many of the products they want to make. We have a 25-percent markup for the administration of the program. One other thing is that we now have a storefront that is used for training and warehousing that is given to us by the private sector by a real estate broker. I am sure he is using this as some kind of a tax writeoff, and I am sure this happens right across the country for other people.

Senator PERCY. Thank you very much indeed. We appreciate this panel and they have done an excellent job. [Applause.]

Our final panel for this morning represents three levels of the aging network, State, area, and local. We are dealing with public service jobs and training, to discuss what efforts are being made in the public sector to assist older workers, namely, through the community service senior employment program, funded by title V of the Older Americans Act.

We have three panelists. They are Vic Wirth from the Illinois Department on Aging, Sid Granet, executive director of the Western Illinois Area Agency on Aging in Rock Island, and Charlean Talbert of Project NOW, the local community action agency. [Applause.]

Mr. Wirth has been a legislative liaison for the department on aging for 2 years. He has been with the department for the last 5 years, and prior to that he was executive director of the West Central Area Agency on Aging in Quincy.

Mr. Granet has served as executive director of the Rock Island-based area on aging for the past 6 years. Before that, he directed an elderly services program for Lutheran Service, a social service of Illinois, and was a social worker for a long-term care facility.

Ms. Talbert rounds out the panel. She heads up the title V of Project NOW, under the auspices of the National Senior Citizens Council. The program encompasses three counties, Rock Island, Henry, and Mercer and has 67 workers. We are very happy to have you give your testimony.

Mr. Wirth.

STATEMENT OF VICTOR L. WIRTH, SPRINGFIELD, ILL., LEGISLATIVE LIAISON, ILLINOIS DEPARTMENT ON AGING

Mr. WIRTH. Thank you Senator Percy, Senator Grassley. It is a privilege to be here today speaking to you on this important subject. I have filed written comments for the record,[1] but I would like to make a few comments on the senior community employment program. In Illinois, the program is administered by the Illinois Department on Aging, working with the area agencies on aging, the aging network, and six national contractors.

Statewide, this represents about 200,000 jobs for older workers. Once enrolled in the program, a worker is given on-the-job training to help sharpen their job skills and training that fits his or her aptitudes in previous experience. This helps to overcome obstacles that workers face every day, regaining self-confidence, and one of the goals of the program in Illinois is to assure that each year at least 15 percent of the enrollees in the program are placed in unsubsidized employment in a private sector, and I would like to point to two operational people the department does work with. Operation ABLE has demonstrated very effectively that this can be done. We would hope that with the tightening economy that the senior community employment program will continue to be a priority with the Congress and with the administration.

I think there are two other ways that Government also can be responsive in working with the private sector to encourage opportunities for elder employees. One, is vigorously carrying out its mandate of section 3(a) of the Age Discrimination and Employment Act of 1967, as amended, and that is to educate employers about the needs, the abilities, and the potentials of older workers. The second area is in continuing to modify or renew work disincentives for older workers, and I speak primarily of the social security earnings test, which many times poses a real barrier for an older person in that decision to retire or remain in the work force.

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[1] See next page.

Thank you.

[The prepared statement of Mr. Wirth follows:]

PREPARED STATEMENT OF VICTOR L. WIRTH

Mr. Chairman and members of the committee, my name is Victor L. Wirth. I serve as the liaison for the Illinois Department on Aging with members of the Illinois General Assembly on aging matters. I am testifying before you today representing the director of our department, Peg R. Blaser.

Mr. Chairman, these hearings are most timely. Ten or fifteen years ago, Americans were looking forward to retirement at an early age followed by years of leisure. The Nation congratulated itself on the "good life" for its citizens who no longer had to work until disablement or death.

At that time, few foresaw that retirees might come to feel useless and wasted. Few envisioned the effects of inflation on fixed incomes; little consideration was given to the shrinking of the younger work force.

Almost no one considered minorities—whose high rates of ill health forced them from active employment even before retirement age; or individuals who had no pensions to fall back on; or people who worked in jobs that did not qualify them for social security; or individuals in remote rural areas to whom the idea of retirement was almost meaningless.

The economic conditions and changing images of the elderly today are causing the Nation to rethink the value of employment and the older worker. More and more, we are questioning whether the Nation can afford to have such a large portion of its adult population out of the labor force.

More and more older Americans do want to work—whether for economic benefit or personal satisfaction.

In 1974, a Harris survey conducted for the National Council on the Aging found that 40 percent of retired persons did not retire by choice. Thirty-one percent of all retired respondents said they would be interested in returning to work.

A second Harris survey in 1979 revealed an even larger percentage of older people who want to work. Fifty-three percent of retired persons said they wished they had never quit work. Forty-six percent of retirees said they would rather be working than retired.

Economics is one of the biggest reasons for the growing desire to return to work. To be retired means to suffer an almost automatic drop in one's standard of living. Currently in Illinois, there are more than 300,000 persons age 55 and older who have incomes below established poverty standards.

There is a myth that people who are financially squeezed at retirement did not save or were not thrifty in their younger years. Inflation has played havoc with older persons' savings. The money saved is able to buy much less than it was able to but 10, 20, 30 years ago. Often, illness has depleted savings, and for many people their income was never sufficient to allow the luxury of a regular savings plan.

Other factors also enter into the increasing demand for employment by the elderly. Many women entered the work force after their children were raised and want to continue to work long enough to qualify for social security and other retirement benefits. Another factor is the desire to be useful and active. As the average lifespan increases, more and more older adults find themselves healthy and fully capable of working for years past "retirement age." At the national level, the prospects for employment of older workers is showing signs of positive change. A 1977 law, for example, provides that workers' social security benefits will be increased 3 percent each year worked past 65. Should the worker die, his survivor would also be entitled to a higher benefit.

The Age Discrimination in Employment Act was amended in 1979 to forbid employers to deny opportunities or fire employees age 40 to 70 solely because of age.

The Government's largest program for older workers in the senior community service employment program, which places older persons in part-time community service jobs. In Illinois, the program is administered jointly by six national contractors and the Illinois Department on Aging. The goal of the program is to meet three significant needs of low-income older persons—to earn additional income, to regain a sense of involvement with the community, and to receive training to improve their employment prospects.

In the department's program, 589 older workers are currently employed throughout the State. Once enrolled in the senior community service employment program, an older worker will receive a "refresher course" in job skills that fits his or her aptitudes and previous experience. Workers employed through the program work in senior centers, nutrition programs, schools, hospitals, day care centers, facilities for the handicapped, and almost any place that offers community service. Although there is no limit to the length of time a person can be employed in the senior community employment program, the department has been working with host agencies to assure at least 15 percent of the enrollees are placed in unsubsidized positions in the private sector each year.

One such effort has been through Operation ABLE, a Chicago-based, private not-for-profit corporation. The acronym, ABLE stands for ability based on long experience. Working cooperatively with the department, the Illinois Job Service, and businesses and industry in the private sector, Operation ABLE has effectively demonstrated that a significant number of the older individuals enrolled in the program can be returned to gainful part- and full-time employment in the private sector. It is our hope at the department on aging to expand this concept statewide.

In a recent interview with the New York Times, the regional Commissioner of Labor Statistics, Samuel Ehernhalt, said that nationally there is going to be a reassessment in terms of the workplace. "We may be on the way to recognizing old people as an underutilized resource," he said. Commissioner Ehernhalt pointed out that of the 14 million part-time workers in 1980, men and women over 55 years of age comprise 18.7 percent of that group. The Bureau of Labor Statistics pointed out that civilian employment nationwide is expected to increase by about 18 million jobs by 1990. Almost two-thirds of this increase will be in the retail trade and wholesale industry, both sectors which rely heavily on part-time workers. Older people may find the part-time job market even more hospitable in the decade ahead.

My main message is that as a Nation our principal focus in the past has been on the needs of our senior citizens—not their ability to contribute to our society. We at the department on aging believe that with the maturing of our society, accompanied as it is by improvements of health, well-being, and vitality of older citizens, we are compelled to focus attention on this untapped potential of older citizens. The senior community service employment program, funded through title V of the Older Americans Act, is indeed an appropriate and necessary vehicle for Government working with the private sector to help our older citizens realize their potential.

Two other strategies the Federal Government can pursue in its role of working with the private sector to help create work options for older workers are:

1. Vigorously carrying out its mandate under section 3(a) of the Age Discrimination in Employment Act of 1967, as amended, to educate employers about the needs and abilities of older workers, including their potential for continued employment and contribution to the economy.

2. Continue to modify or remove disincentives to employment after planned or normal retirement age. As an example, the social security earnings test is a major disincentive to continued employment of older workers who are eligible for social security benefits.

Government, working in partnership with business and labor, can continue to remove work disincentives and create new employment options for older workers. Such efforts will help to promote: (1) Reducing the costs of pensions and social security payments; (2) increasing contributions to social security from those workers who remain in the labor force; (3) contributing needed manpower resources; and (4) meeting the needs of individual older workers for added income and satisfaction of continued engagement in work.

Senator **PERCY**. Thank you very kindly.

Mr. Granet.

STATEMENT OF SID GRANET, EXECUTIVE DIRECTOR, WESTERN ILLINOIS AREA AGENCY ON AGING, ROCK ISLAND, ILL.

Mr. **GRANET**. I would like to take this opportunity to thank both Senator Percy and Senator Grassley for conducting this hearing in our planning and service area. The Illinois Association of Area Agencies on Aging believes that the aging network in Illinois is one of the strongest in the country, and I appreciate the opportunity to testify this morning.

Due to the timeframe involved, I will limit my comments to our experience with the title V program, plus some recommendations for change.

The average title V enrollee in our program is female, between the ages of 68 and 73, with an income that is generally below the poverty level of $5,378, lives in a rural area, and is a one-person family. After 12 years or less of formal education, the enrollee generally has had little or no experience with the open job market, either having raised a family and then worked, or have not had to work until the death of a spouse.

As required by the current title V regulations, the enrollee is employed by a not-for-profit corporation and works in one of the following positions: Outreach worker, nursing home visitor, chore/housekeeper, or senior center aide.

If not working in one of those positions, the employee is involved in some type of social service or public service work.

This brief profile illustrates some of the limits that enrollees face when looking for employment in the private sector. With more and more emphasis being placed on private sector employment, it becomes increasingly more important that we evaluate the reality of this type of placement.

For the person working in the social service agency, the training received is good and can generally be transferred from one social service agency to another. The problem, of course, is that the ever-decreasing social service budget means fewer and fewer positions and the hope of a permanent position in that sector is somewhat unrealistic.

To further complicate this situation, transferring the job skills learned in the public sector to the private sector is many times an impossible task. Although the issue of training may seem to be the main problem, it is only one of several that seem to separate the public and private sectors.

Other problem areas include access to private sector employers, availability of meaningful employment positions for older persons, the availability of employment resources in rural areas, the lack of incentives for private sector employers to hire older workers, implementation of outdated policies affecting age and retirement, not to mention the overall employment problems resulting from a sluggish economic situation.

These problems are not at all one-sided and result from the separateness that is fostered and maintained by both sectors.

Although this may appear to put the older worker in a "no-win" situation, it is my belief that some minor changes in the current title V program could resolve or at least begin to alleviate the problems that I have just mentioned, and so we offer these recommendations.

The first is establishment of formalized linkage mechanisms between the private and public employment sectors. These linkages could be established at the State and local level through the job service offices, State units, and area agencies on aging. One of the many activities that can take place here might include the development of job or skills banks that match the needs of older workers. A special emphasis needs to be placed on resource development in rural communities. Although this type of activity seems to be happening quite successfully in some parts of the country, the overall concept is not operating on a large scale nationwide.

The second recommendation is that the title V programs should offer a waiver to the requirement that enrollees be placed in public sector employment. Allowing subgrantees to place older workers in the private sector would allow greater flexibility in the overall program. Once placed, older workers could easily demonstrate by their performance that they are in fact an asset to the private sector. On-the-job training within the private sector should provide the older worker with skills that are more easily transferable within that marketplace. The flexibility of a worker's skill is important in any employment situation.

The third recommendation is that additional emphasis should be placed on formalized training, especially in the area of skills relating to new technologies for business operations. Oftentimes, it is not the basic skills that prevent an older person from seeking a job, but the technology to make the skills work in today's market. Training in areas such as computer operations, word processing, and operation of electronic office equipment, would better prepare an older person to accept a position in the private sector.

The fourth and perhaps the most important of all, older persons should be encouraged to seek, on their own, employment in the private sector. The current title V program staff should be trained in counseling older workers in areas such as résumé writing, application procedures, job search skills and interviewing skills. Title V program staff should provide support and followup services to older workers seeking positions in the employment marketplace, striking a balance between placement which is dependence oriented and training to foster the independent activities of the older worker.

These recommendations, if implemented, will also require the retraining and orientation of title V administrators working in the field.

The fiscal year 1982 proposed appropriation level is static at $277.1 million, and will allow little or no growth for the title V program in the year ahead. Since I believe that increases in this area are not likely to occur, it is important that Congress evaluate the current contractual mechanisms of this program.

The activities that will have the most effect on older workers will happen at the local level, if we are to get the most service for the available dollar, then perhaps the administrative moneys now allowed to national contractors should be phased out and channeled to local communities through the standard aging network structure.

These moneys could be used to implement changes in the system while making more job slots available to local subcontractors.

The aging network is in the best position to meet the challenges of the title V program and the needs of older workers. We hope that you will continue to support the network in the challenging months that lie before us.

Senator Percy. Thank you very much. [Applause.]

Ms. Talbert.

STATEMENT OF CHARLEAN TALBERT, DIRECTOR, PROJECT NOW, SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM, ROCK ISLAND, ILL.

Ms. TALBERT. Thank you. Seems like everything has just about been said. Sid and I are both involved in administering title V programs in our local area. I am entitled to cover Rock Island, Henry, and Mercer Counties. Nobody has said anything about how hard it is for that senior citizen out there looking for a job, to find a job. The stories that I have heard from people that come into my office, seems like I am their last resort. They have been everywhere else. They have sat in line at the State employment office, they have been to the CETA program, and because of their age, they are being discriminated against, even as far as being next in line to talk to the interviewer. It is just devastating at how many women I have talked to that have been forced to retire, who have been given an option to either retire, be laid off, or be fired because they are getting to the age where they can draw their pensions and their retirement plans and the companies do not want that. It is just flagrant in this area.

I have worked with people from the age of 55 to 62 who do not even have any other income. They are living solely on what they are making on the senior aide program. People who are 65 to 81, my oldest person, are forced to work because of the low social security, even though social security was not intended to be the sole source of income, that is all they get, so they are forced to seek other work in order to buy the same bread that I buy and the same milk that I buy. I think until we get down to the grassroots people, the people who are not executives in the company, who have not had that job experience and going out seeking the high-paying job, but people who have worked everyday alongside of all of us or for us, and meet the needs of these people, we are going to still be in a lot of trouble. [Applause.]

My biggest source of getting people placed off the program has been in the agencies where they work. They go into these agencies and demonstrate the knowledge and the skills. They are there every day. They are not off sick, and this agency has seen the potential in having this older worker in their program and they hire them.

Out of all the placements, which are about 30, that I have experienced, only two have been in the private sector, and I would like to take my hat off to the agencies, but now that their funds are being cut, the chance of getting that older worker off the program is even slimmer than it was before. Thank you.

Senator PERCY. Thank you very kindly. [Applause.]

[The prepared statement of Ms. Talbert follows:]

PREPARED STATEMENT OF CHARLEAN TALBERT

My name is Charlean Talbert, project director of the senior aides program, sponsored by the National Council of Senior Citizens, funded by the Department of Labor under the Older Americans Act.

Funding for our local program began July 1, 1977. We were funded for 60 job slots. Fiscal year 1981-82 funding was for 67 job slots to be distributed in Rock Island, Henry, and Mercer Counties, in Illinois.

My work exprience includes 7 years working exclusively with senior citizens at project NOW. Since July 1977, I have worked with title V only. It's heartbreaking to hear stories from senior citizens, expecially women who were told to retire, or asked to resign, or were actually fired because of their age, and nearing retirement and pension receiving time. Many of these women are their sole support, many times choosing not to draw social security, but denied the chance of being gainfully employed. They tell stories of going into the public sector seeking employment, being told they are not hiring and see young people go in, fill out an application, and get hired. These people don't know the due process of the Equal Opportunity Employment Act, they think these laws were made for younger people—they don't apply to them. I have seen time and time again discrimination against the older worker, men and women.

The State of Illinois have been allotted approximately 2,300 job slots for approximately 500,000 persons age 55 and older. Seventy-five percent of the older persons age 65 and older are still working in some capacity, or would like to. Sixty-seven persons are enrolled in the title V employment program, with ages ranging from 56 to 82. Placing these persons in gainful employment off the program has been a hard task. Our unsubsidized goal has been raised from 10 to 12 percent. Matching job skills and job placements have been the only tool of job placements into unsubsidized employment. I have sought skills to better equip me to perform my job efficiently, including counseling the older adult, unsubsidized placement skills (from the CETA program, which was useless), communication skills, training from the National Council of Senior Citizens at the yearly project directors conferences, courses at Black Hawk College, and most recently with operation ABLE in placing persons in unsubsidized employment. With the thrusts to cut the social programs, I feel the time has come to make our presence known and our positions felt in business and industry. Some time ago, I sent out about 30 letters to businesses and banks, asking if they were willing to hire the older adult, if so in what capacity, along with this letter was a form enclosed for information description. I received two replies, one of those was a form letter that is sent to project NOW periodically stating they were an equal opportunity hirer.

The title V program have been the saviour for many persons 55 and older, but there are many who would work that don't fit within our guidelines (income) and cannot find employment. Many people have told me that I was their last resort. How many times they had gone and sat and waited at the CETA office, and the job services offices, sometimes lasting in the midafternoon before an interviewer would see them, and not finding employment. And with the unemployment rate climbing every day, the chances get slimmer for the older worker. Their plight is going to have to be met.

It has been proven that the older worker is more dependable, reliable, has vast experience, and statistics have proven that this age group is growing faster than any other age group, and are more productive, are more active, and many are not ready to retire at the age of 63 to 65.

Coordination and cooperation between the seven national sponsors in the State of Illinois to achieve equal distribution of slots was initiated in the past year. Quarterly meetings to coordinate efforts to insure slots we have allotted to us are used to the best of our ability, to insure we are not duplicating areas have proved fruitful to all of us. We also use these meetings to share experiences and training to help us achieve our 12 percent unsubsidized employment goal.

An example of the kinds of jobs that have been secured by persons working in the title V program are: Bookkeepers, weight station attendant, secretaries, congregate meal site managers, cashier/receptionist, minibus drivers, office clerks, teacher's helpers for day care centers and adult learning centers, housing inspector's aide, home health aides, dietary aides, clerk-typists, maintenance and administrative secretary, and many more. These people would not be enjoying the financial and mental accomplishments of having full-time employment if the title V program had not been in existence to give them the exposure and chance to work.

Kinds of agencies who serve as host agencies for the senior aide program: St. Anthony's Continuing Care Center, Head Start Program, Congregate Meal Program, Rock Island Housing Authority, Head/Home Start Program, Churches United, Martin Luther King Food Pantry, American Red Cross, Black Hawk College, Rock Island County Council on Alcoholism, Rock Island Park Board, Project NOW, Rock Island Library, Good Shepherd Foundation, Prairie State Legal Services, and the Voluntary Improvement Program.

Kinds of jobs performed by senior aides: Dietary aides, teacher's helpers, receptionist, office clerks, driver aides, friendly visitors to the elderly, congregate meal site assistants, maintenance, nursing home visitation coordinator, greenhouse aide, outreach workers, stenographer, clerk-typist, and bookkeeping.

The services to the community provided by the senior aides enrolled in the program is invaluable. Many agencies we enroll aides at are experiencing budget cuts and cannot afford to hire the necessary staff to perform the duties that the senior aides are performing. Many of these agencies, when a position becomes vacant, hire the aide onto their staff, thus making an opening for someone else to be enrolled and receive the training and the financial benefits they have received. I wish time allowed some of these people to tell you just what they experienced in seeking employment. But since they can't, let me say that this was the last chance for many of the people that I have worked with. Besides receiving monetary rewards for the jobs they are assigned to, they receive support, counseling, referrals to other agencies, encouragement, and some social activities among themselves at the monthly meetings.

The senior aide program and other title V programs are well managed, well monitored, and well operated. Technical assistance to me in operating the program is always available. I not only would like to see the program continue, but would like to see it expanded to accommodate more financially depressed older Americans given a second chance to survive.

Senator **Percy**. Mr. Wirth, what legislative changes would you like to see made to support job placement aspects of title V?

Mr. **Wirth**. I think Mr. Granet had some good suggestions there, Senator Percy, relative to possible linkages and administration of the program. I would concur with those.

Senator **Percy**. How much do you think Congress should consider expanding title V programs to include jobs in the private sector and training by private employers?

Mr. **Wirth**. I think that might be a good start, Senator, at least an encouragement for greater participation by the private sector.

Senator **Percy**. Mr. Granet, how much direct job training do your title V participants actually receive?

Mr. **Granet**. Most of the training is done on the job, and is part of the regular work task that a person is expected to complete as part of their job. Very little formalized side training is actually done.

Senator **Percy**. Ms. Talbert, you mentioned the CETA training programs. Do older persons participate in CETA programs and, if not, if you do not have wide participation, why not?

Ms. **Talbert**. I do not think there has been wide participation in the CETA program in this area. In fact, I have taken two people off the CETA program and put into my program when their year is up. They are discharged like anybody else that do not have skills. The training for CETA? I do not think they give any training. They may place them in an area not suitable for the older worker. They may place them in an agency and let them work for a year and after that year is up, then they are done. I do not know. My involvement with the CETA program has been nothing.

Senator **Percy**. Senator Grassley.

Senator **Grassley**. Mr. Granet, you discussed contractual costs and money obligated to organizations to provide employment for senior citizens. Maybe we ought to consider having that expenditure expended through the aging network. Do you feel that you would be able to have dialog with enough—or I should say with as broad of a range as senior citizens to meet the needs? In other words, I assume that certain contracting organizations would have contacts that maybe you would not have, and so the more people that are involved in providing jobs, maybe the broader range of opportunities we would have.

Mr. **Granet**. I am not talking about the local subcontractors. I am talking about the national contractors. I would recommend or I would see the continuation of, of course, green thumb and National Council of Senior Citizens programs, but I think that the administrative costs that are taken out at the national level should be given to, let us say, Project NOW, who is a subcontractor with the National Council of Senior Citizens, so that they can further develop the resources in the local community so that the green thumb contractor or subcontractors could get at least some of that money so that they, too, could develop some resources. I think if that money was available, they could probably meet more of the needs of the older worker, especially in the rural areas.

Senator **Grassley**. Is that—the 10- to 15-percent figure that has been thrown out for contracting costs—is that all spent at the national level, or is some of that spent at the regional and State level as well?

Mr. **Granet**. It is my understanding that it is 15 percent, but that the local subcontractors are held to a minimum. I just asked Charlean. She said hers is held to 8 percent. Now, I do not know what the—I am not sure what the balance is.

Senator **Grassley**. But it is that balance that you are talking about? OK.

Ms. **Talbert**. Also, the National Council of Senior Citizens does not provide administrative money locally. So whoever administers the program locally, must come up with what they call clean moneys for the administrative salaries, so there are local administrative costs.

Mr. **Granet**. The 15 percent would probably be at the national level and not at the local level.

Senator **Grassley**. And do you think that money could go directly to providing jobs?

Mr. **Granet**. I guess either directly in providing jobs or providing subcontractors like the green thumb subcontractors of Project NOW, the administrative support they need to develop resources because the expectation is higher and higher, at least at the national level, that the title V enrollees be placed in private sector employment positions, and the resources just are not there, the dollar resources are not there to develop those kinds of resources at the current time.

Senator **Grassley**. Well, it is your position then, that if administrative costs were reduced at the national level, they would not be supplanted by increased administrative costs at the local level?

Mr. **Granet**. It would depend upon your definition of administration. I would hope that——

Senator **Grassley**. Well, I am talking about that 15 percent, or the 7 percent of the 15 percent that you have referred to.

Mr. **Granet**. Sounds like it is going to be 15. I guess I would hope that that would allow the title V staff, the people that are employed in operating the program some direct service moneys to do the resource development that we have been talking about in placing people in private sector employment.

Senator **Grassley**. Those are all the questions I have.

Senator **Percy**. We thank you very much. We have a moment or two. Is there anyone that has a question for this panel? If not, we thank you very much indeed.

Senator **Grassley**. I have no announcement other than to remind you of time and place, 2 o'clock, Federal Building, and—in Davenport, this afternoon, and that I would hope that we could have as many of you as possible come over and continue your participation as audience members of our hearing this afternoon. Thank you very much.

Senator **Percy**. Thank you, and thank you all for coming and being such a wonderful, attentive, and interested audience. It is very much appreciated. [Applause.]

We thank our panels. This hearing is recessed until 2 p.m., Federal Building, in Davenport, Iowa.

[Whereupon, at 11:40 a.m., the hearing recessed, to reconvene at 2 p.m., in Davenport, Iowa.]

EMPLOYMENT: AN OPTION FOR ALL AGES

MONDAY, OCTOBER 12, 1981

AFTERNOON SESSION

U.S. SENATE,
SPECIAL COMMITTEE ON AGING,
Davenport, Iowa.

The committee reconvened, at 2:20 p.m., in the Federal Building, Davenport, Iowa, Hon. Charles E. Grassley presiding.

Present: Senators Grassley and Percy, and Congressman Jim Leach.

Also present: Pete Conroy, special assistant to Senator Grassley; and Lucinda Oliver, legislative assistant to Senator Percy.

OPENING STATEMENT BY SENATOR CHARLES E. GRASSLEY, PRESIDING

Senator GRASSLEY. We will call this continuation of the morning hearing to order, and for those of you who were not at the morning session, I want to tell you that during the morning, partly because we were in Illinois and partly because Senator Percy is also the senior member of the committee, he chaired this morning's meeting and he has extended to me the privilege of chairing this meeting this afternoon. I want to thank him for that. He did tell me this morning that he is going to leave after the end of the second panel because he has very important business back in Chicago later on this evening, so we will have to excuse him. Also, I would like to ask Senator Percy if he has anything he would like to say to the people of Iowa and Illinois, but on the good side of the Mississippi River.

STATEMENT BY SENATOR CHARLES H. PERCY

Senator PERCY. We used to sing a song at the University of Chicago, "We don't give a damn for the whole State of Iowa, whole State of Iowa, whole State of Iowa—we're from Illinois," but I will not say that here, particularly considering, Mr. Chairman, that Mrs. Percy and I have filed income tax returns in the State of Iowa for 31 years. Mrs. Percy has had a farm for that period of time in Lands County, which we occasionally visit, so we feel very much at home in Iowa. My own aunt had a farm here that I came over to visit every summer as a child, so hands across the Mississippi. I very much appreciate your chairing this hearing and the participation of your fine staff in working out the agenda. I certainly join you in welcoming Jim Leach, a very distinguished Member of the Congress who does a fine job in representing this district.

Senator **Grassley**. I am sure there is nobody in the room who does not know Jim Leach, the Congressman from this district, a leader in the House of Representatives, and a person who obviously everybody knows, and he is not afraid to take his stand and be innovative. Jim, I would like to have you give an opening statement or whatever you would like to do.

STATEMENT BY CONGRESSMAN JIM LEACH

Congressman **Leach**. Thank you, Chuck. I have no opening statement. I would like to thank both you and Senator Percy for holding this hearing. Senator Percy does have the one enormous advantage that we cannot claim from Iowa, and that is he can look out from Illinois and across the river to this beautiful territory, so we recognize that Illinois has us beat on that score.

I might just say briefly that in this time, when people criticize modern medicine so much, it is awfully important that we look and see some of the positive effects of it. All of us are able to live longer and healthier, and with greater capacities, and that means when we look at the future, we look to the potential of working longer as well, and I think that is an option at people's discrimination that government ought to be encouraging, although by no means making mandatory in any sense.

Senator **Grassley**. Thank you. Senator Percy, I would like to have you repeat, for the benefit of this audience, what you said this morning about the rules of the Senate and opportunities, if time allows, for people to speak at the end, but that during the period of the questions and answers it is reserved to us. That is the rule of the Senate.

Senator **Percy**. Right. Unlike a town meeting or a forum that we all enjoy so much, this is an official hearing of the Senate Special Committee on Aging. Therefore, we are bound to conduct the meeting in accordance with those rules. There is a prescribed list of witnesses. They have been asked to submit their testimony. Their oral presentations should be limited, although their prepared statements will be incorporated into the record.

Every word that is said here is transcribed by our reporter. These hearings will be printed as an official Senate document. They will be available to you, both the morning hearing and this continuing hearing this afternoon, on request to Senator Grassley or Jim Leach, and copies will be sent to you.

Senator **Grassley**. The first panel this afternoon will include Bob Richardson, founder of the Retired Executives' and Craftsmen's Guild of America. He will tell us about this innovative senior-oriented organization and then introduce two of his coworkers who will tell of their retirement and work experiences.

Next will be Marion Irey, who is administrator of the Clinton Housing Authority who, like the other panelists in the work force, takes home a paycheck, and still enjoys the challenges of employment.

Would this panel come to the witness table and proceed. According to the rules of the Senate, your entire statement will be printed in the record and we would appreciate it if you could summarize if it is extra lengthy.

STATEMENT OF ROBERT RICHARDSON, STOCKTON, IOWA, FOUNDER, RETIRED EXECUTIVES' AND CRAFTSMEN'S GUILD OF AMERICA, ACCOMPANIED BY HERB GERDTZ

Mr. **Richardson**. Senator Grassley, Senator Percy, Congressman Leach, on behalf of the Retired Executives' and Craftsmen's Guild, I would like to thank you for the opportunity to be here today. I would like to present our formal remarks of the program and then at the conclusion of the formal remarks I will explain some of the handouts which I have left with you folks.

There has been a considerable amount of interest over the past years in conserving our resources. In our efforts to conserve the natural resources we have remaining, we have overlooked the human resources embodied in our retired population. We feel this to be one of America's most neglected resources. This country was built not by our natural resource well alone, but by the creative use of those resources by our society. To neglect any resource degrades our overall competitive edge in an acceleratingly competitive technocratic world.

The remarks in our program, the Retired Executives' and Craftsmen's Guild, will fall into three areas. These include background information on our program, our operations at present, and our plans for the future.

I am sure that we can all relate to the relatives who wish to remain partially active during retirement, making some contribution to industry or society, only on a more limited scale. I would also suggest that in those cases where an individual does find a way to contribute, that they are more likely to live longer and enjoy a higher quality of life during their golden years. While growing up, I noticed a strong desire on the part of my grandfather to remain active. As an independent building contractor he was able to do so, building his last house when he was 82 years old. At 93, he is still physically and mentally active. He was afforded an opportunity to remain active in his lifelong work by choice and because he was able to create a situation which allowed him to do so. This is the exception rather than the rule. A select few may have been experts in their fields, may choose something such as consulting work to fit in among their retirement activities. For the vast majority, the avenues are limited to odd jobs, rarely utilizing their skills or part-time positions as security guards, et cetera. I contend that such jobs for skilled individuals are a waste to American industry and a detriment to the individual's longevity.

We noticed 2 years ago, after our travels around the country on several occasions, that there was no local or national effort to allow retired individuals to remain partially active in their former skills or in a new skill of their choosing. We then began to search for a project to be performed by a retired cadre, providing a service to industry, and one that no one else was already providing. This point was very important to us in that we did not want to merely shift existing demand from one business to another, thereby creating hard feelings. That is, we opted to make a market where none had existed previously. We were also interested in a project that would lend itself to a flexible work schedule. We felt that a retired individual would much rather work on a schedule of his choosing as much or as little they liked. For some, this part-time employment is an avenue to remain active and still contribute to industry. For others, this is an economic necessity.

Approximately 1 year ago we found such a project. This project involved the reconditioning of a select group of machine tool products used predominantly by equipment manufacturers. We conducted a limited marketing survey throughout the State of Iowa and found that there was interest in having this service provided. Several additional firms responded that while they did not have this type of equipment to be reconditioned, they were extremely supportive of the program we were in the process of implementing. Shortly thereafter, we located and arranged for the purchase of the assets required to perform these services and arranged for a place for this program in the facility housing our primary business. Moving and connecting the equipment to our facility took a little longer than anticipated, but we finally began reconditioning items in January 1981. Our labor pool originally came to us as a result of a newspaper feature printed in the Quad City Times and written by Jim Arpy. More recently, we have been keeping a list of people interested that has been prepared through references. On occasion, we have solicited the assistance of Iowa Job Service. Because of the nature of the work and the fact that some of these items are custom designed for a particular application, we have been bringing on new customers slowly to allow us to get used to each other. Where we are dealing with standardized units, we anticipate a significant increase in workload in the coming months as word of our program spreads locally, as the economy improves, and as a result of national advertising which begins in January 1982. As time progresses, we will be able to help an increasing number of retired individuals to encompass more skills, such as in the administrative area, among others.

The spread of this concept nationally has always been in the backs of our minds. Recent nationwide publicity through a story carried by United Press International this past month, has accelerated plans for expansion. The UPI story has generated interest across the country from groups or individuals interested in starting similar projects to serve their respective retired communities. We recognize the great care that must be taken in laying the groundwork for such an effort. Since this effort is more than one individual can handle alone, we have asked for the assistance of several groups or individuals, each with a particular area of expertise.

Individuals or groups that have already agreed to or are considering assisting us include Junior Achievement's national headquarters, Stamford, Conn.; American Association of Retired People, national and regional headquarters; University of Iowa School of Business Administration; representative from the Iowa Bankers Association; Del Brown, retired senior vice president, Deere & Co.; former director, Deere & Co.; former national board member, Junior Achievement, and one of the individuals responsible for the growth of Junior Achievement within Iowa and Illinois. Robert Newowner, plant manager, St. Regis Paper Co., Dubuque, 42 years sales and plant management experience, president of the advisory committee to Iowa State's Center for Industrial Research and Science, an organization that assists Iowa business in a broad spectrum of areas; Lowell G. Colston, Christian Theological Seminary, Indianapolis, recipient of several regional and national awards for his work in pastoral care.

Our organizational meeting is scheduled for mid-January 1982, during which time the national charter will be prepared, the plan for national expansion formulated, and the guidelines for subsequent chapters developed. We look toward the spring of next year as being able to work with others in starting similar programs in other parts of the country.

I would like to conclude with a few general remarks. The program we have developed is not for all retired individuals. Some, during their employment years, become involved in projects which will take priority during retirement. Others, while physically and mentally able, may not choose to participate for whatever reason, and finally there are those who are unable to physically participate. The fact remains that there should be a place for those desiring to remain active to do so. I have not done an in-depth study to determine the number of people that would be potential participants. I would, however, conservatively estimate that approximately 20 percent of the American Association of Retired People's membership are potential participants. This amounts to 3.6 million people, and does not reflect nonmembership interests.

To some groups, our means of support is radical by today's standards of proliferating the countryside with Government subsidized programs. This country was not founded on Government subsidies, but on the creativity and ingenuity of the American people in their ability to meet a problem head-on and resolve it, We hope that in the coming months and years, as the program develops, that it will serve as an example for others in resolving some social injustices. In short, we would like to show that American creativity and ingenuity are still alive and well.

Five years ago, we were all embroiled in celebrating our country's 200th anniversary. Banners and slogans were bountiful throughout the country. We have been looking for a short byline which we could use for our program. This past weekend, I noticed an old Bicentennial sticker with a slogan that seems fitting for our program—"A Past to Remember, a Future to Mold." Let us remember those who helped make America what it is today by giving them an opportunity to make it better tomorrow.

Senator GRASSLEY. Thank you, Mr. Richardson. We will go on to the next participant.

Mr. RICHARDSON. Mr. Chairman, I have with me, Herb Gerdtz, who is working out in Stockton at the Guild.

Senator GRASSLEY. I would assume that he would want to tell us, and now would be the time for him to do that.

Mr. GERDTZ. Yes; I just started working out there, possibly in March, I think it was. I have been retired from Kelsey Hayes 8 years; prior to that I had been an all-around man down there, maintenance repair work, and toolroom, and all. I just think when this came up that a lot of my leisure time has proved out real well, and it is a good thing, too. Like he said, too, we are not compelled to be there at a certain time and not take any hours which you want, which makes it real nice for anybody retired.

So, I don't have much other than saying that it has been really a good thing. I think, too, that it will add maybe possibly years to a fellow's life by being able to put in your spare time like that. I don't really know of anything else except that it has been enjoyable working like that, without any pressure, and it has been in my line of work. I was just thinking that retirees, although the pay is not excessive, nothing like that, but it is some way to spend your time. I think that is about all I have and it is—just glad to have the opportunity to be of help like that.

Thank you.

Senator **Grassley**. Thank you, Mr. Gerdtz. We probably will want to ask you some questions later on.

Marion.

STATEMENT OF MARION IREY, EXECUTIVE DIRECTOR, CLINTON HOUSING AUTHORITY, CLINTON, IOWA

Mrs. **Irey**. My name is Marion Irey. I am the executive director of the city of Clinton, Iowa, Housing Authority, and I do represent some of the subsidies which Mr. Richardson referred to. I believe in the program our city has probably been the last one in the State to request and receive any subsidies. There are many people in need. We serve 162 existing units and 114 new construction units. Seventy-one of those are in an elderly housing project, an ideal, very well constructed, and fine program that we are proud to do.

I also represent senior citizens who have chosen not to retire. While I am eligible and have been eligible for some years for social security, I elect this way because I am graced with good health, and I have learned certain skills, and having taught for many years and have been active in the public scene, and believing in the program, and having understanding of the issues at stake, I feel I have something to offer to my community, which I love very much.

I heard a mention of years a bit ago. I am reluctant to mention years because I know there are certain people who would like to retire, and since the age is such that it will be possible, I will just keep that until I am ready to say, OK, now I am ready to retire. I think the program is in such shape that I am ready to turn over the reins. I think it is important to stay with a program in which you have a conviction, and in which you believe until you know that it is in good hands and it can be continued in such a manner. I also like people very much, and the idea that I might have to retire and be without that activity and interaction of other people is equally important to me. I think it is one of the things that I see among my friends who have retired. It is one of the things that is often a missed item, the fact that you fall out of the mainstream of life.

I believe that covers my primary reasons for being in what I am doing, unless you have other issues you think I should address.

Senator **Grassley**. We will have questions for you. I would like to have you start, Senator Percy.

Senator **Percy**. I just have a couple of questions. Mr. Richardson, from your background and experience, do you think that there is a correlation between someone having reasonably good health, living a long life, and continuing their work activity? Do you think there is an interrelationship between those three factors, Mr. Richardson?

Mr. RICHARDSON. I think there is an interrelationship like you mentioned, on a person's longevity, whether it be their choice to pursue something that they are familiar with that they acquired in the past in their employment years, or whether it be a special hobby or special project that they may have picked up earlier on in life, but the fact remains, I think there is a definite correlation between longevity and a person's physical and mental activity.

Senator PERCY. Do you feel that there is a strong desire on the part of many retired people, men and women, to continue activity, but not perhaps of the intensity of full-time work? Is there a strong preference for part-time work in many cases?

Mr. RICHARDSON. Yes; I think there is, and one of the basic foundations of the program which we are developing is the situation with some built-in flexibility where an individual can work a day, a week, or month, or however long they want. It provides them an opportunity to stay active and at the same time enjoy the benefits of their golden years, and for some it provides additional income which may mean the difference of going to see their grandchildren at Thanksgiving, or seeing the kids at Christmas, or whether they eat a hamburger or steak once in awhile.

Senator PERCY. Do you feel it a little incongruous that the labor units that have identified themselves with helping retirees, helping them with the transition, fighting for adequate income for them, give them a sense of dignity, find themselves in a position where they are actively opposing part-time work for retirees when it is such a strong desire on the part of retirees, many times, to have such part-time work?

Mr. RICHARDSON. Well, I think there is some hesitation on the parts of several groups and at the same time I am sure when Junior Achievement was started several years ago that they likewise ran into several oppositions. I think it is a problem that has been in the neglected area for quite some time, I think it is going to come in more and more interest as the years go by, as our baby boom enters retirement and we find that we do not have the work force behind us to perpetuate the American economy as it is right now.

Senator PERCY. Thank you very much. I wonder if you and Mr. Gerdtz could just address yourself to my last question. Have you, in your experience, seen people who have retired after a lifetime of active, structured work, and after that retirement, just kind of go to seed. They do not feel as well. They do not act as well. They do not relate as well to people because they just have not thought through how they were going to adjust this period. And, they do not have the sense of being a part of something, or being needed, or wanted by someone. Do you see them—well, just going to seed?

Mrs. IREY. Yes; I would like to refer to two specific instances. At one time we had an apartment in our home and there was a couple, an elderly couple who sold lock, stock, and barrel, and moved to Florida. They really had not made any preparation, and in 2½ years they returned to Clinton. They were homesick, and sick at heart, and had nothing there to return to, so our small efficiency apartment became their home. Within 2½ years of that, both were deceased, and I think it led to an early demise for those people.

On the contrary, I am pleased to say that I have five people on my staff, two of them have completely retired. One was an accountant for GE for 23 years, and had 1 year's retirement, and decided he had too much time on his hands, and I am delighted to have him on my staff. Another woman had worked in another capacity with the YWCA, and is working part time, and what you are referring to as part-time job is most essential. Also the relationship that I have had for the younger people who have worked with me, and I have had elderly, and I am fortunate to come from long-lived stock. My mother died just a few years ago at 94. My father died at 87. I will live forever at that rate.

Senator **Percy**. Well, I know we will be celebrating my mother's 99th birthday next July, and my children, daughter-in-law, sons-in-law, grandchildren, are all sort of planning what we are going to do. We had a similar celebration on her 80th birthday. Our problem is to be sure we can schedule and get time in her schedule for this. She is a concert violinist, she is very active in her church. She is so busy that I have to make appointments ahead of time to see her. She is just as busy as can be. She maintains her own home—someone comes in and helps with the cleaning once a week. I asked if she wanted anyone to be there with her—heavens no. She said, "I treasure it whenever I get a chance to be alone."

I would just like to offer to anyone who would like a little guidance in this field to just drop a note to our committee. We certainly try to keep our hands on all kinds of resources that are available.

Senator **Grassley**. Mr. Richardson, to what extent would you say that your motive for your business and organization was to find opportunities for retired people as opposed to qualified workers generally to accomplish what you want in the way of production?

Mr. **Richardson**. I guess it goes back to my childhood. I spent an awful lot of time with my grandfather and he is very special to me and I have seen how remaining active has been beneficial to his life and, like I said, we have done a lot of searching to see whether or not there was a program for other people who were not afforded the opportunity to be active in their skills and we thought it would be nice to establish a pilot program to see how the pilot program worked and if it worked successfully, which it has, and we would move one step further and take that program nationally so that other people could be afforded the opportunity of partially staying active.

Senator **Grassley**. How much of your time will you devote to trying to get the concept established on a wider basis?

Mr. **Richardson**. As much as I have to.

Senator **Grassley**. As much as you have to. Do you feel that you will be able to put the time into it? In other words, you sense an opportunity for success there on your initial endeavors?

Mr. **Richardson**. I feel an opportunity for success and I also know that we are not alone in our feelings and that to quote an old phrase, "many hands make a lighter load," and I know there are a lot of people who have already indicated their willingness to assist us who have been down similar roads before and are willing to ride us and leave us along, and we are going to get our ducks lined up, so to speak, and move out.

As a result of the UPI story, inquiries from 12 other parts of the country from Medford, Oreg., to Lawrence, Mass., down to Fort Lauderdale and St. Petersburg, Fla., people wanting similar programs started in those particular areas so that they can serve their particular retired communities, and that is only the areas that we know of because the people have sent back inquiries. Where the UPI story has been run, I am not sure, and it is still in the process of being run, but there is more and more interest being generated as every day goes by.

Senator GRASSLEY. Are you anticipating working through any national organization to get the concept established because it will obviously burn you out if you are going to do it all by yourself?

Mr. RICHARDSON. I do not have the time to do it all myself. There are organizations such as Junior Achievement who we have been in touch with on a couple of occasions who are currently evaluating and providing some assistance, who have been down similar roads, and who have expertise. Some of their material may be adapted to this type of program. Some of the senior executives-type people who have been working with me now on organization, they can provide us assistance and try to bring it together. We see our role at this point as a catalyst, so to speak, planting a seed. It requires a lot of other factors and assistance of an awful lot of people to make the program grow. Together I think we will be very successful in the coming months and the coming years.

Senator GRASSLEY. There are a lot of myths about the employment of older workers—that they might be accident prone, for example. Do you find those myths to be fact as far as your connection with them is concerned, and if so, can they be broken down? Perhaps they are not an obstacle to you.

Mr. RICHARDSON. I do not consider them as an obstacle. I feel that each age group has inherent problems that need to be addressed, and strengths, and limitations. I am sure with dealing with youth we have a certain set of things we kind of have to look out for. When someone is employed during their lifetime there are likewise going to be some things we have to watch out for. If there are some limitations that need to be considered, then those would be sought out and addressed, but our feeling is that we have to look at the group we are dealing with and make adjustments in the program, whatever may be required. It is just to say that we have problems here and people are more accident prone, that does not mean that we say we give up. It means that we recognize those particular limitations and move on.

Senator GRASSLEY. Well, part of my question was do you feel that there are myths that discriminate against older workers—that there are these concepts and ideas that employers have.

Mr. RICHARDSON. I have heard a few comments on occasion and I am sure that——

Senator GRASSLEY. Are you saying that they are distorted?

Mr. RICHARDSON. I think for the most part.

Senator GRASSLEY. That most employers might not have these myths, feelings?

Mr. RICHARDSON. I am not going to speak on behalf of most employers. I think that the background and the knowledge that a skilled individual has acquired over the years are invaluable in spite of maybe some limitations that you may have to put up with on occasion. I do not know, does that answer your question?

Senator GRASSLEY. Well, yes, because as we discussed this morning, and for the benefit of the people who were not there this morning, we had three different panels, and one of the panels at least dealt with some of these problems that they felt you would normally run into, the case of trying to promote the concept that older people legitimately ought to be hired and have a contribution to make, and so I guess I am asking you to check or compare in your experience whether or not you feel that these other conceptions are accurate. You seem to be saying, at least the way I read you, that they may not be entirely accurate. Maybe there is a myth about myths and they may not really exist, so that is why I wanted to ask you that.

Now, Mr. Gerdtz, is there any feeling on your part, or that of any of your coworkers, or in any case where you know other older Americans are employed, that they in any way feel that they are being taken advantage of, or there is a potential to being taken advantage of, as for instance, working for a lower wage than you might really be qualified for? Is there any source of feelings like that among you and your colleagues?

Mr. GERDTZ. Well, as of now I have not heard of any that way at all, but, of course, we all realize that we are in the golden age and we cannot expect a top wage anymore and I think we are working under this retired program and we are not hurting the younger workers any because a younger worker could not possibly survive on that scale of work, where it does help a retired person out immensely, besides his own well-being, and I have worked for 32 years, and I have seen many a guy come and go, and usually it appears the active guy is the one that lives the longest. I have seen guys that went out of there, seemed in perfectly good health, and noticed a couple of them, 6 months, they were gone. They just quit. They figured they would be tired and that was it, and I think that is possibly where the biggest cause of their leaving is, but as far as—I have not been anywhere anybody was really arguing about anything about a fellow working like that for a retired program, and I think it is a good thing if a fellow is able to work and enjoys it, and I do not see where it is hurting the job market any for the younger person because it is—they would not do or could not do anyway, because they would not be able to survive.

Senator GRASSLEY. You know, I have a feeling that I expressed this morning that if you were not there, you would not have heard. You may even be an example of this from what you just said. It is that I think that we should strive to eliminate any feelings of guilt that older people might have concerning taking jobs away from younger people. In other words, you ought to be judged upon your willingness to work at that job, at that salary, as long as you are productive, and be judged on that and not have to make any particular excuses, that you legitimately ought to be able to do this because no younger person would want to do that work. I mean you are contributing to society, and you are a human being just like anybody 20 or 30 years old, and you ought to be considered on that same equal basis. That is a goal that I have if there is going to be any public policy, and there is. I'm saying that there should be no discrimination in the employment of older Americans, and so I guess I would ask you, if you think there ought to be a feeling of—it is obvious for me to say, a feeling of guilt, and I do not mean to imply that you would even think of that in that way, but do you feel the need to be concerned that you might be taking a job away from the younger person?

Mr. GERDTZ. No, I do not really think I am.

Senator GRASSLEY. I do not think you are, but do you think you even need to be concerned about that?

Mr. GERDTZ. No, I would say not.

Senator GRASSLEY. I do not want to put words in your mouth, but I want to get the point out.

Mr. GERDTZ. And getting back to your accident prone, I would say that the retiree would be less chance for accident prone than any individual, because he has had the experience, and he knows the obstacles to be looking out for, and I do not think he is more apt to have accidents as a younger person.

Senator GRASSLEY. That is my last question, but I think I ought to ask Marion if she would want to comment, particularly on my exchange with Mr. Gerdtz there, my original question or even a followup one.

Mrs. IREY. Well, I concur with Mr. Gerdtz' comment. I would like to follow up a little farther in that at least a couple of the employees I have hired during the past year, I referred to Job Service of Iowa, and because we have been in a period of the employer's market, I have requested at least five or six candidates so I can do the choosing, rather than someone else, for whom I will need for my particular job, and I have selected on ability and willingness to work, and a good series of questions that I like to discuss with the candidate. I think it puts a little challenge to the younger people that here are people that are being hired because they have better qualifications, and I think that is something that is rather important. I think it has been neglected for a period, and I will challenge younger people to stand up to me, and I am sure Mr. Gerdtz would too.

Senator GRASSLEY. Congressman Leach, do you have any questions or comments?

Congressman LEACH. Let me just ask, Mr. Richardson, you have mentioned in your testimony that you seek to do things in an industry that other people are not currently working at. Do you limit yourself exclusively to that as a notion or do you——

Mr. RICHARDSON. Well, for the most part, once in awhile we will—the particular items that we recondition nobody else in the country would want to perform that service.

Congressman LEACH. Which are?

Mr. RICHARDSON. We recondition multiple drills for one of the major manufacturers. In fact, at the outset, when we started to evaluate this potential project, we contacted the four largest manufacturers, and talked to their presidents, and all were very supportive of the program. On occasion we will get into making a prototype piece for somebody, 10 to 15 pieces maybe two or three times, but the bulk of our operation is restricted to multiple drill work. Special projects, if a customer comes in and has a special project that he would like to sit down and evaluate, then we will go ahead and do it, and a lot of our emphasis has been on cost-savings-type things.

Back in the sixties, early seventies, when economy was rolling along great guns, it was a great propensity on the part of many industries to take items and make them disposable, rather than sitting down and evaluating or dealing with a piece of equipment. An item that costs $6,000, $7,000 to replace, lots of times those end up being thrown out. We found in a lot of cases we were able to take items that fall into the particular category and recondition them for a fraction of the replacement cost. So what we are doing in essence is increasing there, and decreasing our overall production costs, and making it better for the company, at the same time we are providing something for us in that regard.

Congressman **Leach**. I might say for Senator Percy's benefit, Mr. Gerdtz, the company you associated yourself with for 32 years does a number of things, but the main thing they do is make wheels. Those of us who observe it recognize that they are in the business of reinventing the wheel every day, and it is just possible that what you are trying to tell us today is that personally your wheels keep going better if you stay in the work force. Is that what you are trying to say, Mr. Gerdtz?

Mr. **Gerdtz**. Well, I do not know just what you are getting at, but there is no doubt about it, the more you go at something, the better it is going to get.

Congressman **Leach**. The only other comment I might have is that all of us look at our society as having some particular problems too, both industrially as well as socially, and in an industrial sense one of the things that many of us are so very concerned about here in the Midwest, as an example, is what we are going to be doing about our railroad. Now, French & Heck historically made wheels for railcars, et cetera, but in terms of your elderly worker it is conceivable that there can be types of projects that are developed that may not be done exclusively by a group, but may well have some relevance to industrial and social problems.

Now, in the social area we know that there are lots of groups in the retired age groups that are working in a voluntary way. What strikes me as so unique about your projection is that you are doing novel things in an industrial area. It is conceivable that there is a combination field too, both social and industrial. That is, for example, whether there can be projects done with part-time people than might be geared toward an industrial, social cause like railbed rehabilitation, and I just wondered if you ever explored that yourself, Mr. Richardson?

Mr. **Richardson**. No; we have not really explored anything that deals with the rails, per se, although it did occur to me when Rock Island Line was talking, that we have this problem of providing service to the various locations, and considering the fact that this was a heavy area for the railroad industry, that there may be enough retired railroaders around who would think it might be kind of nice to get on a locomotive, and ride it once or twice a week, to make a set of runs and work with the businesses up and down the line, and say instead of a day-to-day service, we are going to make the run once or twice a week. I think there are ample people out there who would just jump at the chance to put on their hats again and stoke up the firebox and move out. We have got to be observant. There are a lot of particular areas where retired people would have an opportunity to participate, but it just takes time to look around and be observant and make things click, and my remarks on Government subsidies, it does not say that everything should be subsidized. What we are getting at is maybe we should use a little more scrutiny, and evaluate those programs which may be better off in the private sector, than to go and take the easy way out and go to the Government. It is something which we feel very strongly about.

Senator GRASSLEY. Thank you very much. One last question for me, Mr. Richardson, do you anticipate that your program could work older workers out of retirement into any management position, or do you think only in terms of production?

Mr. RICHARDSON. Though we look at the whole gamut and we are not independently wealthy. If we had all kinds of money we could go and say, here is the project we are going to take, and we are going to go find *x* number of people to perform these situations. It goes back to the old shoemaker. You buy up materials to make one shoe, and you sell it, and you get enough for two, and so we keep growing internally. As time goes on then we can look at the funds that are generated internally, then bring in some people. I would love to have it to the point where we could move it to another facility, have a complete staff there, and just turn it loose and let it run.

Senator GRASSLEY. Well, that is in regard to your own organization, but what, as you would find yourself advising other people around the country, would you think in terms of involving people out of retirement into management?

Mr. RICHARDSON. Yes.

Senator GRASSLEY. You do. OK. Do you have any other questions?

Senator PERCY. No.

Senator GRASSLEY. Thank you all very much.

We are going to change the format just a little bit—I should say the agenda—and call at this time the third panel because we are still waiting for one additional person to come for the second, so I would call panel C—people from the insurance industry, so that this hearing might explore the impact of insurance restraints on senior employment. The committee has called on one of Senator Percy's Illinois constituents, a well-known actuary, Ted Zillmer, of the Chicago-based William M. Mercer, Inc. Joining Mr. Zillmer are two representatives from nationally known insurance companies whose home offices are here in Iowa, Del Schroeder of Bankers Life, and Don Dandy of Lutheran Mutual in Waverly.

Ted, will you open this panel's participation, please?

STATEMENT OF THEODORE W. ZILLMER, ACTUARY, WILLIAM M. MERCER, INC., CHICAGO, ILL.

Mr. **Zillmer**. Thank you, Senator Grassley. The purpose of this report that I have prepared and wish to present today, or at least to summarize, addresses the employee benefit considerations involved in the hiring and employment of older workers. Of particular concern will be the question: "Is the cost of providing employee benefits to older workers a major problem to employers?"

In 1979, the U.S. Chamber of Commerce identified total fringe benefit costs as averaging 36.6 percent of payroll for American industry as a whole, and within the gamut of fringe benefits are items such as taxes for social security and unemployment compensation, and time not worked, such as vacation, holidays, and sick days. The third piece is employee benefits, and it is this third piece that I am going to be addressing today.

The employee benefit portion of fringe benefits equals approximately 12 percent of payroll. This percentage, of course, varies substantially from one employee to another depending on various factors, such as dependent coverage, salary, and age. The primary issue which I will be addressing today is the impact of age on the cost of employee benefits.

To give you some background, most employers prior to 1979 had company policies providing for mandatory retirement at age 65. This changed on January 1, 1979, because of the 1978 amendment to the Age Discrimination in Employment Act. This act, commonly referred to as ADEA, increased the maximum protected age from 65 to 70, so that nobody could be forced to retire prior to age 70. In addition to increasing the retirement age, ADEA also had an impact on employee benefits, and the primary impact was on welfare benefits, such as medical, disability, and life insurance plans. What ADEA mandated was that these benefits must be provided until age 70 on an equal basis as compared to younger employees. Fortunately for the employers, ADEA did allow for some degree of flexibility in the amount of benefits which must be provided to employees 65 and over. This flexibility is important because it is a known fact that claim costs and the frequency with which claims occur increases with age, especially at higher ages. This in turn means that the employer's cost of providing employee benefits is going to increase for older workers as compared with younger workers. But fortunately, ADEA allowed some slight benefit reduction to compensate for this increase in cost. What they said was that the actual amount of payments made or costs incurred on behalf of an older worker should be equal to that made or incurred on behalf of a younger worker, even though the older worker may thereby receive a lesser amount of benefits or insurance coverage. What this did was permit benefit reductions for ages 65 to 70, so that the cost for that age group was the same as the costs for employees between the ages of 60 and 65.

At first blush it appears as if this may be a negative for older workers, but I think it really has positive impacts. Without these benefit reductions, there could be a considerable cost deterrent for employers against hiring older workers. If the costs were continually increasing with no benefit reductions, there would be a definite incentive for some employers to try and control that cost by hiring younger employees.

If I break down some of these benefits, I feel that the need is not the same for older workers as I feel for younger workers. With regards to life insurance, the need decreases once the children are past their high school and college years and are no longer being supported by the parents. The need for disability insurance is reduced because above age 65 there is eligibility for social security and private pension benefits. The one benefit where the need does not diminish is in the area of medical benefits. Fortunately from the employer's standpoint, medicare eligibility begins at age 65 so that the employer can use medicare payments to offset his costs and that is kind of a built-in cost control for employers.

But what I have tried to do for today is calculate the cost differential from an employer's standpoint of providing employee benefits for various ages. To do this, I developed a typical middle-of-the-road type of benefit plan and then calculated the costs for different ages. I do not think I need to get into all of the details of the benefit program that I have developed. The life insurance is a one-time salary type of benefit that reduces by 35 percent at age 65, which was mandated to be permissible by ADEA. There is also included in this benefit plan a short-term disability benefit of $100 per week for 26 weeks and that applies equally to all ages. There is a long-term disability benefit which provides a benefit of 60 percent of salary beginning after 181 days of disability, and then it pays the 60 percent of salary up to age 65 for employees disabled prior to age 60. There is a gradually reducing benefit duration for people disabled over age 60. So even somebody disabled at 65 or 66 is going to get approximately 2 years of benefits, and somebody disabled at 69 will still receive 1 year of benefits. Nobody would receive benefits past the age of 70.

The medical plan is a common comprehensive major medical plan where there is a $100 deductible, then the plan pays 80 percent. There is an outpatient benefit for accidental injuries and, as I said before, the payments of this employer-sponsored medical plan are reduced by the amount of benefits that are paid by medicare parts A and B. So, in total, anybody over 65 would receive the same medical benefit between medicare and the employer plan as would a younger employee that had the same medical bill.

And the last benefit I have included is a pension benefit that is called a career average salary plan. This benefit is such that each year an employee accrues a benefit equal to 1 percent of salary. If the annual salary was $15,000 in a given year, the pension benefit would be 1 percent of that, or $150 to begin at age 65. A few other assumptions were made in calculating these costs. I determined some basic monthly premium rates for each of these coverages so that I would be talking in terms of dollars. I will not get into the details of all the rates, even though they are included in the testimony. The other assumptions are that I would look at the annual cost of the benefit package for four different employees. I took males in every case just so it would be an equal comparison from one age to the other. I have taken a male, age 30, with a wife and children, a male, age 45, with wife and children; a male, age 60, with a wife only; and a male, age 65, with a wife only. I have also assumed that the employer is paying 100 percent of the cost.

This may not be the situation in reality, but whatever costs are shared between the employer and the employee would apply equally from age to age. So based on this typical benefit plan, on these hypothetical premium rates that I have developed, and on these four sample employees, I calculated an annual cost that an employer would be expected to incur to provide those five benefits. I wish I had a big chart to show everybody the results, but unfortunately I do not. But I would like to summarize the results a little bit. This cost comparison really proved very interesting and there were some results that I was surprised at. For life insurance, the short-term disability and the long-term disability, the costs increased steadily from age 30 to 45 to 60 and then they level off between ages 60 and 65. The reason is that the ADEA benefit reductions were involved in those three coverages and it reduced the employer costs to what it was for somebody age 60. To give you an idea that the costs do increase with age on life insurance, the cost for insuring someone age 60 is approximately 9 times what it is to insure somebody age 30. For short-term disability, the ratio of age 60 to age 30 is only 2½ times. For long-term disablity, the ratio is 3 times, and for medical it is a little bit less than 2 times.

Part of the reason that medical is lower is that the younger employees aged 30 to 45 would normally have children that would incur costs and in turn be an expense for the employer. One advantage of an older worker is that they are very likely not to have children that would be insured under the medical plan.

Senator Grassley. Mr. Zillmer, before you finish, Senator Percy has got to leave in 5 minutes and he has a couple of questions that he would like to ask you.

Senator Percy. Thank you so much. I would just like to express appreciation for this testimony. I wish we had this when we cast the vote to raise the retirement age. We just did not have this kind of testimony. We did not think it would be a major shock, but we could not tell. From certain figures, it appeared it would be inordinately expensive for someone who retained an employee from age 65 to 70. The conclusion you come to is that not only can an older person be retained on the payroll and costs are somewhat comparable, but even in some cases they might be even a little more competitive. Certainly, they are not heavily loaded on the expense side. That is a tremendous reassurance and will be very valuable to every member of our committee I know, and the expert testimony that will follow you I will read with interest.

I just want to thank you very much indeed and I suppose that—has this been done by your own company or has it been done as an industry effort? Has Marsh & McLennan undertaken this as an individual study or has it been done by the industry?

Mr. Zillmer. Well, Senator, basically the calculations were done by myself within the last several weeks and they were compiled expressly for today. I relied on actuarial tables that I use from day-to-day in the course of my job. I guess we have never been asked to sit down and calculate costs from one age to another, especially for an entire benefit plan. So it is not something that we are called upon to do very often, but we have the available data to do it if asked.

Senator PERCY. Well, this one panel alone would be worth the full day of hearings. It is extraordinarily helpful and will be very, very reassuring. I think the industry itself will want to promulgate that information and get it out to business groups. Raising the retirement age has not had any profound adverse impact whatsoever. I suppose at one point we should get into the areas of the two exclusions that we made, university professors with tenure and top management. They were excluded from the provision. They can be retired before age 70 for a variety of reasons. It might be interesting if anyone would want to comment on whether those reasons were valid or not. Those exclusions were suggested by universities and industry. To the best of my knowledge, there has been no adverse impact from this dramatic and sweeping law.

Senator GRASSLEY. Would you proceed then, Mr. Zillmer, with finishing your statement.

Mr. ZILLMER. I believe I was making cost comparisons of the various ages and up to this point I discussed the ratios of the costs for age 60 versus age 30 and there is definitely an increase during that period. But what is very unusual is that on the costs per employee, once you go from age 60 to age 65 there is a very substantial reduction and that was what Senator Percy was referring to.

To give you an idea of the numbers for the four insurance benefits that were included in my package, the sum of those four benefits for age 30 is expected to be about $1,400 a year for an employer. That would be the total cost. For age 45 the figure goes up to $2,000. At age 60 it goes up to $3,000 but at age 65 it drops down dramatically to $1,500. So that the costs of those four insurance benefits for employees age 65, and this would apply pretty much up to age 70, is almost equivalent to what it is for an employee age 30. That was quite surprising to me, but it is logical when you stop to think about it, and the reason is medicare.

We all pay taxes and our employers are paying taxes to the social security system over the years. This is one of the areas where the benefits come back to us in the form of medical insurance coverage. This is an offset to what the employer's insurance plan has to pay. So there is a definite savings in medical, and medical happens to be the biggest component of these costs for the insurance package. In fact, if you isolate the medical costs for an employee age 65 it is $500 less than what it is for an employee age 30. So while the life and disability coverage continue to increase, the medical drops down so substantially that it offsets the increase in the life and disability.

The other item that I have not discussed in the totals is the pension costs. When they are added to the insurance costs, the total at age 65 cost exceeds the age 45 cost, but by only 21 percent. So even if a pension benefit is still being earned by an employee 65, because of the reduced medical costs, the pension plus insurance benefits are only several hundred dollars higher than an employer's cost for a 45-year-old employee. So that is a favorable comparison as well.

There is one other consideration for an employer. When ADEA came out, it mandated that welfare benefits, such as life and medical benefits, be continued up to age 70 on an equal basis. But ADEA said that for defined benefit plans it is not necessary to provide any additional benefit accruals after the normal retirement age, which is the age which the actuarial calculations are based. This normal retirement age is generally 65, so that most employers have an option of crediting additional pension benefits for employees 65 and older, or not crediting additional pension benefits. The point is that if the employer is concerned about costs, he does not have to credit pensions past age 65. If the employer does want to eliminate that cost, then the overall benefit costs for somebody 65 and older is less than what the insurance plus pension costs would be at even age 30. So an employer can eliminate the accrual of additional pension benefits above age 65. Then he can hire somebody 65 or and older actually cheaper than he can hire even somebody age 30, in terms of providing fringe benefits.

So that based on these calculations that I have made, it is my conclusion that the cost of providing employee benefits to older workers is not a major problem at all for employers. Costs increase substantially as you go from age 30 to 45 to 60, but then there is a substantial decrease when you go to age 65. When you add in the employer option of not crediting additional pension benefits after age 65, it gives even more flexibility to the employer in controlling these costs. The bottom line result can even be a benefit cost reduction for hiring older employees 65 and older as compared to hiring younger employees.

Senator GRASSLEY. Thank you, Mr. Zillmer.

[The prepared statement of Mr. Zillmer follows:]

WILLIAM M.
MERCER
INCORPORATED

THE IMPACT OF AGE ON THE COST OF EMPLOYEE BENEFITS

The purpose of this report is to address the employee benefit considerations involved in the hiring and employment of older workers. Of particular concern will be the question: "Is the cost of providing employee benefits to older workers a major problem to employers?"

In 1979 the U.S. Chamber of Commerce identified total fringe benefit costs as averaging 36.6% of payroll for American industry. About one-third of this cost, 11.7% of payroll, relates to employee benefits. However, this percentage varies substantially from employee to employee, depending on various factors such as dependent coverage, salary and age. The primary issue which I will be addressing is the impact of age on the cost of employee benefits.

Prior to 1979 most employers had company policies providing for mandatory retirement at age 65. This changed on January 1, 1979 because of the 1978 Amendment to the Age Discrimination in Employment Act. This act, commonly referred to as ADEA, increased the maximum protected age for employees from 65 to 70.

In addition to increasing the retirement age, ADEA also had an impact on employee benefits. The primary impact was on welfare benefits, such as employee medical, disability and life insurance plans. ADEA mandated that these benefits be provided to employees until age 70.

Fortunately for employers, ADEA did allow for some degree of flexibility in the amount of these benefits which must be provided to employees age 65 and over. This flexibility is important because claim costs and the frequency with which claims occur increase significantly with age at the higher ages. This in turn means that the employer's cost of providing these benefits also increases significantly for older employees.

To compensate for this cost increase, ADEA provided that welfare plan compliance with the act be measured by the following criterion: "The actual amount of payments made or cost incurred on behalf of an older worker should be equal to that made or

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incurred on behalf of a younger worker, even though the older worker may thereby receive a lessor amount of benefits or insurance coverage." This criterion permitted benefit reductions for ages 65 and over, but only in an amount equal to the cost increase for employees age 65 to 69 as compared to employees age 60 to 64.

While this provision may appear to be a negative one for older workers, I feel that it has more of a positive impact. Without these benefit reductions the cost of providing life insurance and especially disability insurance could have become an important cost deterrent against the hiring of older workers. In most cases an employee's needs with regard to these two benefits reduce with increasing age anyway. The need for life insurance reduces when children are past their high school and college years and are no longer being supported; while the need for disability insurance is reduced because of eligibility for Social Security and private pension benefits.

To quantify the cost differential of providing employee benefits at various ages, I have developed a typical, middle-of-the-road benefit plan for which to calculate costs. This benefit plan includes the following coverages:

Coverage	Benefit Provided
1. Life Insurance	One times annual salary for employees under age 65; 65% of annual salary for employees age 65 and over.
2. Short-Term Disability	$100 per week for a maximum of 26 weeks. Benefits are payable on the 1st day of an accident and on the 8th day of an illness.
3. Long-Term Disability	60% of salary to a maximum monthly benefit of $2,000. Benefits begin on the 181st day of an accident or illness. Maximum benefit duration is as follows:

Age at Disability	Maximum Duration
Under 60	To age 65
60	60 months
61	48 months
62	42 months
63	36 months
64	30 months
65	24 months
66	21 months
67	18 months
68	15 months
69	12 months

Coverage	Benefit Provided
4. Medical Care	Comprehensive major medical plan: $100 calendar year deductible 80% of 1st $5,000 after deductible, 100% thereafter $250,000 lifetime maximum Expenses incurred on an outpatient basis within 72 hours of an accidental injury payable at 100%. Payments under this benefit plan will be reduced by the amount of benefits available under Medicare Parts A & B.
5. Pension Plan	Career average salary plan. Each year eligible employees accrue a retirement benefit of 1% of the salary earned during that year.

In addition to the benefit plans previously outlined, the following assumptions have been made in computing the cost comparison for employees of various ages:

1. The basic monthly premium rates applicable to a hypothetical employer for this benefit package are assumed to be:

Life Insurance	$.75/$1,000 of insurance
Short-Term Disability	$.82/$10 of weekly benefit
Long-Term Disability	$.60/$100 of covered salary
Medical Care	$42/employee $50/one dependent $95/two or more dependents $20/person eligible for Medicare
Pension	Present value of an annual annuity equal to 1% of salary, deferred to age 65.

2. Annual costs of the benefit package have been calculated for the following four male employees, each earning $15,000 per year:

    a. Age 30, with wife and children.
    b. Age 45, with wife and children.
    c. Age 60, with wife only.
    d. Age 65, with wife only.

Based on our typical benefit plan, the hypothetical premium rates and the four sample employees, the following estimated cost comparison results:

Benefit	Projected Annual Cost For: Average Employee	Age 30	Age 45	Age 60	Age 65
Life Insurance	$ 135	$ 39	$ 98	$ 361	$ 354
Short-Term Dis.	98	69	96	182	216
Long-Term Dis.	90	31	89	209	186
Medical Care	1,644	1,270	1,751	2,249	744
TOTAL - Insurance	$1,967	$1,409	$2,034	$3,001	$1,500
Pension	336	100	282	863	1,309
GRAND TOTAL	$2,303	$1,509	$2,316	$3,864	$2,809

The results of this cost comparison are very interesting and even somewhat surprising. For the life, short-term disability and long-term disability plans the costs increase steadily between ages 30 and 60 and then level off between ages 60 and 65. The reason the costs level off is the ADEA benefit reductions that are permitted at age 65.

Medical costs also increase between ages 30 and 60, but not as dramatically, in terms of percentage increase, as the life and disability costs. Part of the reason for this is the fact that the 60 year old employee does not have children covered for medical insurance as the 30 and 45 year old employees do.

The most surprising result is the medical cost for the 65 year old employee. The insured rate for employees eligible for Medicare plus the Medicare Part B premiums for the employee and spouse total only $744 per year. This cost is $526 below the age 30 medical cost, $1,007 below the age 45 cost, and $1,505 below the age 60 cost.

Since the medical costs are by far the largest component of the total cost of employee benefits, the age 65 total insurance costs are competitive with the costs for the younger ages. The $1,500 total annual insurance costs at age 65 are $91 greater than the age 30 costs, but $534 and $1,501 below the age 45 and age 60 costs respectively.

Only when the pension costs are added to the insurance costs does the total age 65 cost exceed the age 45 cost, and then by only 21%. As compared to the age 60 total cost, the age 65 cost represents a $1,055 reduction.

Another important consideration in making these cost comparisons are the ADEA provisions relating to pension plans for older employees. For defined benefit plans it is not necessary to provide any additional benefit accruals or an actuarially increased benefit for service after normal retirement age. So if our hypothetical pension plan contained a normal retirement age of 65, the accrual of additional pension benefits could be eliminated for the 65 year old employee. This would result in an insurance only cost for age 65 of $1,500, which is less than the insurance plus pension costs at ages 30, 45 and 60.

Based on these results, the cost of providing employee benefits to older workers is not a major problem at all for employers. Costs at age 60 are substantially higher than the costs at age 30 and 45, but the costs at age 65 and over are very competitive with the costs at younger ages. The employer option of not crediting additional pension benefits after age 65 also permits considerable flexibility in controlling employee benefit costs for employees age 65 and over. This can even result in benefit cost reductions when employing older workers who are past the normal retirement age.

T.W. Zillmer

Theodore W. Zillmer, ASA

October, 1981

Senator Grassley. Mr. Schroeder.

STATEMENT OF DALLES L. SCHROEDER, VICE PRESIDENT, BANKERS LIFE CO., DES MOINES, IOWA

Mr. Schroeder. I am Dalles Schroeder, vice president of Bankers Life Co., Des Moines, Iowa. I am not an actuary, so you are not going to hear a lot of numbers from me. My areas of responsibility are personnel and general services, plus serving on a number of our corporate committees. We are very pleased, Senator, that these public hearings are being held here in Iowa on employment opportunities for the older members of our society. We are also pleased that we were invited to be a part of it.

Insurance is a large industry in Iowa with somewhere in the area of 87 companies headquartered in our State, and many others that have sales and regional offices located throughout the State. The latest numbers that I have seen indicate that there are approximately 25,000 people employed in the insurance industry in Iowa, and Bankers Life alone employs over 3,000 people in Iowa.

Important demographic changes are taking place in our State of Iowa and these changes will continue throughout the eighties. The decade of the eighties may produce the most rapid demographic changes that we have seen in modern times. It has been estimated that the number of young people graduating from our high schools in Iowa will decrease from approximately 25,000 this past spring down to 20,000 in 1990, and that is a drop of 20 percent at a time when our population is expected to increase by about 5 percent. It is also estimated that nearly one-quarter of the population growth during this next decade will be those persons over age 65. Major shifts by age groups will be taking place, which means that more of the work done in Iowa during the next decade will have to be done by older workers.

These kinds of changes in the makeup of our population are important to us as an insurance company located in Iowa both as a provider of insurance benefits programs and as a major employer. As an employer, we have made some important changes in our personnel policies to recognize some of these changes that are taking place around us. One, of course, is providing opportunities for employees to continue to work up to age 70. Another is flexible hours. Approximately 3,000 employees work in our home office and start anytime from 7 a.m. up to 9 a.m. This has been helped a lot of our people to accommodate their work around their personal responsibilities and their personal desires.

Permanent part-time work is basically an arrangement where an employee works over 20 hours a week on a regular basis with full benefits. We also have temporary part-time work that some of our retired employees are participating in. We are experimenting with job sharing. This is an arrangement where two people share one job. The two or three instances where we have tried it so far have worked very well. Our biggest problem is finding two people that agree on how they are going to share that job.

And then we have what we call a "9 to 3" program, where people can come in at 9 o'clock and work until 3 in the afternoon. This ties in very well with the responsibility of parents, expecially those with younger children in school.

Senator GRASSLEY. Can you refresh my memory? Does the 1978 act, which does away with mandatory retirement at age 65, does it not, in a sense, mandate that it has got to be guaranteed full-time employment for those aged 65 or over, or does it?

Mr. SCHROEDER. Well, I think you have to continue the same kind of employment situation.

Senator GRASSLEY. So if an employee were doing his job right and producing as an employee, then you could not make him take reduced dollars or shared jobs?

Mr. SCHROEDER. Right. Many times I think what will happen is that people will choose that type of employment if it is available and certainly they can on a voluntary basis. I think in the real world that is probably happening to a fair extent.

Senator GRASSLEY. Continue, please.

Mr. SCHROEDER. The 1978 amendment to the Age Discrimination in Employment Act of 1967, which has been referred to here several times today, raised many questions for us as an employer, and as a provider of group insurance programs for a number of employers throughout the United States. It did require some of these changes in our personnel policies, changes in some of our group insurance products, and a major effort in communicating these changes to our employees, and to our customers. There was some initial concern about the impact of that legislation on some of these long-established policies, such as mandatory retirement at age 65, and on the cost of the benefit programs, but I think as Mr. Zillmer has pointed out, some of those costs really are not as great as many people had thought they might be. It has been our experience at the Bankers Life Co. that very few of our employees have been interested in working beyond the age of 65. So far, we have had only six to eight people choose to work beyond age 65 in 3 years. Of course, we do not have great numbers of people retiring each year.

Our agents, however, who are independent contractors, have had contracts that allowed them to work beyond age 65, and we find that most of them do. It is kind of an ideal situation, as they can do it at a reduced level. We currently have 272 agents over age 60, many of whom are over age 65, with some of them still active and productive into their eighties. A recent survey of our retired salaried employees pointed out that many of them are working part time, either at voluntary work or at salaried part-time work. I think it is not too surprising to us that few of our salaried employees have chosen to work beyond the normal retirement date for about three reasons.

First of all, we have had a pension plan for many, many years. People plan toward their retirement over a number of years in advance, so in this past short 3-year period, those that were planning to retire at age 65 or earlier have carried out those plans. Not many of them have changed those plans to work beyond age 65, even though that is now an option for them.

We sell pension plans of all types, and as you might expect, we have a strong retirement program. Income is not a major problem for our people. From what we can tell, our retired employees just seem to enjoy the freedom associated with retirement. Our experience, and this may be unusual, is that more than 50 percent of our salaried employees have chosen early retirement prior to age 65. This has been fairly consistent at this percentage for the past 10 years without any noticeable changes in the last 3 years. Perhaps it is too early for us to see a change, for the reasons mentioned earlier.

You may be interested in the fact that we currently do have a substantial number of people over age 40 employed in our home office in Des Moines, and in our field offices located throughout the United States. Currently, in our home office, 743 out of about 2,800 of our employees are over age 40. In our field offices, about 200 out of about 1,500 are over age 40. It is a much higher percentage for our agents, 852 of about 1,600 are over age 40. This produces a total of 1,793 of roughly 5,500 employees, or about 32 percent.

One other item I thought might be of interest. Drake University, in Des Moines, has established a special program to help women reenter the labor market, which is called, women's reentry employment program. This program has been very successful in helping a number of women develop the skills and also the confidence necessary for them to reenter the labor force. Many women are finding it necessary to seek employment at older ages because of the need for additional income in the family, death of the husband, divorce, or just for social needs.

This program is for women of all ages, but many of them are over age 40. As far as we can tell, at least in the Des Moines area, there are no similar programs that have yet been designed specifically for just older persons. With those comments, I will pass to the next witness.

[The prepared statement of Mr. Schroeder follows:]

PREPARED STATEMENT OF DALLES L. SCHROEDER

I am Dalles L. Schroeder, vice president of Bankers Life Co., Des Moines, Iowa. My areas of responsibility are personnel and general services, and I serve on a number of our corporate committees. We are pleased that your distinguished committee is holding this public hearing here in Iowa on employment opportunities for the older members of our society, and that we were invited to participate.

Insurance is a large industry in Iowa with 87 companies headquartered in the State, and many others with sales and regional offices located throughout the State. The latest numbers show that there are approximately 25,000 people employed in the insurance industry in Iowa. Bankers Life alone employs over 3,000 people in Iowa.

Important demographic changes are taking place in Iowa, and will continue to change rapidly throughout the eighties. It has been estimated that the number of young people graduating from our high schools in Iowa will decrease from 25,000 in 1981, to 20,000 in 1990 (a decrease of 5,000—20 percent). At the same time, our population is expected to increase by about 5 percent during the 1980's, with nearly one-quarter of the population growth being those persons over age 65. Major shifts by age group will be taking place which means that more of the work done in Iowa during the next decade will have to be done by older workers.

These kinds of changes in the makeup of our population are important to us both as a provider of insurance benefits and as a major employer in Iowa. As an employer, we have made some important changes in our personnel policies in recent years in recognition of the changes taking place in society:

1. Provide opportunity for employees to continue to work up to age 70.
2. Flexible hours (can start anytime from 7 to 9 a.m.).
3. Permanent part time (over 20 hours per week) with full benefits.
4. Temporary part time for some retired employees.
5. Experimentation with job sharing (two employees sharing one job).
6. "9 to 3" employment (option: summers off)—primarily for parents.

7. Allow employees to go from full-time basis to part-time basis.

The 1978 amendment to the Age Discrimination in Employment Act of 1967 raised many questions for us as an employer, and as a provider of group insurance programs for many employers from all over the United States. It did require changes in personnel policies, changes in some of our group insurance products, and a major effort in communicating these changes to our employees and our customers. There was some initial concern about the impact of this legislation on long-established personnel policies, such as mandatory retirement at age 65, and on the cost of benefit programs.

To date, we have discovered that very few of our salaried employees are interested in working beyond age 65 (only four in the home office and two in our field offices). Our agents, who are independent contractors, previously could work beyond age 65—and most do at a reduced level of activity. We currently have 272 agents over age 60, many of whom are over age 65, who are productive. A recent survey of our retired salaried employees pointed out that many of them work part time doing voluntary work and a few are employed on a part-time basis—either at Bankers Life or other employers. It is not surprising to us that few of our salaried employees have chosen to work beyond the "normal retirement date" of age 65 for the following reasons:

1. People plan for retirement many years in advance, so those retiring during the past 3 years have retired as they had previously planned.
2. We have a strong retirement program with automatic adjustment for inflation, so income is not a major problem.
3. Our retired employees seem to enjoy the freedom associated with retirement.

It is interesting to note that more than 50 percent of our salaried employees choose early retirement. This has been fairly consistent at this percentage for the past 10 years and has not changed in the last 3 years.

You may be interested in the fact that we currently have substantial numbers of people over age 40 employed in our home office in Des Moines and in our field offices located throughout the United States:

Home office	743
Field offices	198
Agents (independent contractors)	852
Total (of 5,500 or 32.6 percent)	1,793

Drake University has established a special program to help women reenter the labor market called, women's reentry employment program. This program has been very successful in helping a number of women develop the skills and confidence necessary to reenter the labor force. Many women are finding it necessary to seek employment at these older ages because of: (1) The need for additional income in the family, (2) death of the husband, (3) divorce, and (4) social needs. This program is for women of all ages but many are over age 40. There are no similar programs in Des Moines that are designed specifically for older persons at the present time.

Now a few comments about our insurance products and the effect of age on cost of such benefits. Providing nonsalary benefits for employees is a very common practice throughout American industry today. Some of the major benefits include group insurance coverages of life, income replacement, health, and pension. These programs have been encouraged by the favorable tax treatment given to premiums paid for them.

The cost of such group insurance plans vary based on a number of factors. Age is a significant one. As a general rule, the cost of most insurance increases as age increases. However, this does not necessarily mean that the cost of such fringe benefits is significantly higher at the older ages than at the younger ages. There are two major offsetting factors that tend to level the cost at various ages. These are:

(1) Plan design—some benefits are reduced at the older ages because the need decreases. Life insurance is an example.

(2) Government-provided benefits—insurance plans are typically coordinated with Government-provided benefits. Medicare is a prime example.

I am submitting written testimony that will show how these two factors impact the four major benefits. In summary, we believe the net result is that the cost of insurance fringe benefits is not a major deterrent to the employment of older age people.

The Bankers Life also provides many products and services for individuals many of whom are over age 40.

Thank you for the opportunity to appear on this distinguished panel. I will be glad to answer any questions that you might have now or at any time in the future.

Senator GRASSLEY. Proceed, please, Mr. Dandy.

STATEMENT OF DON R. DANDY, SENIOR VICE PRESIDENT, LUTHERAN MUTUAL INSURANCE CO., WAVERLY, IOWA

Mr. DANDY. Thank you, Senator. One of the areas of my responsibilities includes personnel and resources area and most of my comments will be concerned about that. Lutheran Mutual Life Insurance Co. is a 102-year-old company operating in 29 States and the District of Columbia. The majority of our one-half million policy owners are Lutheran, though we have been selling to all creeds since 1970. We do not consider ourselves experts on the subject of the aged or the specific problems that exist for them. We do recognize that increasing importance and potential of this segment of our population and have responded in several ways. As older workers increasingly elect and continue working and the availability of younger workers declines, employers will need to maximize the productivity of a graying work force. In addition, the health of the aged today is better than ever before. Older people are now capable of working many more years and often are eager to do so. So while most workers are continuing to take advantage of the opportunity to leave the work force at 65 or earlier, it is clear that the option of extending working life is becoming increasingly available and desirable.

At Lutheran Mutual Life we are encouraging our employees, particularly our field personnel to continue working past age 65, and a number have done so. We also offer a special agents' contract which allows salesmen to continue working for our company on a self-employed basis after they have officially retired. We currently have 21 active agents over 65, which represents 6 percent of our sales force. Ten percent of our agents contracted in the past 2 years are age 50 or older. We also encourage older workers to come to us for a second career upon their retirement and we have a 60-year-old who joined us as a full-time salesman after retiring as a school superintendent, and another 60-year-old who is a retired schoolteacher. Both were hired under our normal financing program and offered all fringe benefits. Our home office staff as well has employed numerous individuals over age 50 and 60 in recent years.

As a company we are confident that the hiring practices and procedures we follow do not discriminate against the aged. The criteria used to gage a worker's potential value to our organization are not based upon age. The development of a policy to avoid the hiring of aged workers because they are most costly to the organization in terms of benefits and training is not acceptable to our management philosophy.

However, as the insurance industry becomes increasingly technical and computerized, we find that many jobs are being eliminated that require no special skills or knowledge. The result is fewer and fewer available jobs that do not require special skills. We then find that many of the older workers coming to us for employment do not qualify for the available positions. We are currently investigating possible ways we can help people who are not performing well in their present positions move into a second career where they can be more productive and happy. This would involve counseling, retraining, and orientation into a new career, perhaps with our company and perhaps with a different company. This program, of course, would apply to any employee, not just the aged. However, such a program has the potential for use in retraining the aged for second or even third careers.

Preretirement counseling is a planning tool that can prove to be much more valuable to employees than an expensive parting gift or farewell dinner. It offers employees relief from the trauma of facing an unknown world of retirement. Retirement planning is a way of expressing concern for older employees at all levels, while giving them solid information they will need in the years ahead.

In recent years our company has made adjustments in our pension plan as it affects active employees. High inflation and an accelerated increase in the social security wage rates have had a negative impact on benefits from pension plans. The last 3 years have also seen two benefit increases for those already retired in an attempt to ease the inflation impact. This has been done for both field and home office retirees.

A new benefit, added early in 1981, is a qualified thrift savings plan. This benefit provides real incentive for employees to increase personal savings for additional income upon retirement. We also conducted an extensive employee attitude survey in 1980 that provided us with excellent information on concerns and beliefs of our employees. We feel that such personnel research will be a critical function in dealing with the uncertainties related to managing older employees in the future.

Truly the challenges facing human resource managers in the decades ahead will be substantial. All aspects of employment will be impacted by an aging work force whose management will require innovative responses. As some of these responses cannot be quickly implemented, it is critical to begin planning now.

Thank you.

[The prepared statement of Mr. Dandy follows:]

PREPARED STATEMENT OF DON R. DANDY

Lutheran Mutual Life Insurance Co. is a 102-year-old company operating in 29 States and the District of Columbia. The majority of our one-half million policy owners are Lutheran, though we have been selling to all creeds since 1970.

Our product portfolio consists primarily of individual life products, though we have recently entered the group insurance market. In 1980, Lutheran Mutual Life introduced a new series of progressive life products that reflect the increased life expectancy of Americans today. We are also working at this time to increase our participation in the pension market, though we presently have little experience in that area.

My position with Lutheran Mutual Life is that of senior vice president of administration, which includes responsibility for the departments of underwriting policy owner service, policy accounting, claims, methods, personnel, and corporate communications.

Our major concern in preparing for today's hearing, was in defining the type of information you were seeking and to assess our ability to provide that information. We do not consider ourselves experts on the subject of the aged or the specific problems that exist for them. We do recognize the increasing importance and potential of this segment of our population, and have responded in several ways. We hope that the information we provide is helpful, and we pledge our commitment to provide available information that you request.

We recognize that over the next four decades, the age composition of the American work force will change dramatically as those individuals born immediately after

World War II advance in years. During the 1970's the average worker was just entering the work force. The work force of the 1980's is characterized by early middle agers; the 1990's will be dominated by late middle agers and the first two decades of the 21st century by older workers and retirees.

As older workers increasingly elect to continue working and the availability of younger workers declines, employers will need to maximize the productivity of a graying work force. In addition, the health of the aged today is better than ever before. Older people are now capable of working many more years and often are eager to do so.

Family situations have also changed. Sixty-five-year-olds who were once content to retire and surround themselves with children and grandchildren, have had to adjust to separation from sons and daughters who often settle in distant cities. With this loosening of traditional family ties, older workers are less inclined to retire and give up the social aspects of their jobs.

So, while most workers are continuing to take advantage of the opportunity to leave the work force at age 65 or earlier, it is clear that the option of an extended working life is becoming increasingly available and desirable. At Lutheran Mutual Life, we are encouraging our employees, particularly our field personnel, to continue working past age 65, and a number have done so. We also offer a special agents' contract which allows salesmen to continue working for our company on a self-employed basis after they have officially retired. We currently have 21 active agents over age 65, representing 6 percent of our sales force. Ten percent of our agents contracted in the past 2 years are age 50 or over.

We also encourage older workers to come to us for a second career upon their retirement. We have a 60-year-old who joined us as a full-time salesman after retiring as a school superintendent, and another 60-year-old who is a retired schoolteacher. Both were hired under our normal financing program and offered all fringe benefits.

Our home office staff, as well, has employed numerous individuals over age 50 and 60 in recent years. Upon moving to our new facility in 1977, additions to staff included six employees over age 50, and two over age 60.

As a company, we are confident that the hiring practices and procedures we follow do not discriminate against the aged. The criteria used to gage a worker's potential value to our organization are not based upon age. The development of a policy to avoid the hiring of aged workers because they are more costly to the organization in terms of benefits and training would be unacceptable to our management philosophy.

However, as the insurance industry becomes increasingly technical and computerized, we find that many jobs are being eliminated that require no special skills or knowledge. The result is fewer and fewer available jobs that do not require special skills. We then find that many of the older workers coming to us for employment don't qualify for the available positions.

We are currently investigating possible ways we can help people who are not performing well in their present position move into a second career where they can be more productive and happy. This would involve counseling, retraining, and orientation into a new career, perhaps with our company and perhaps with a different company. This program, of course, would apply to any employee, not just the aged. However, such a program has the potential for use in retraining the aged for second or even third careers.

Preretirement counseling is a planning tool that can prove to be much more valuable to employees than an expensive parting gift or farewell dinner. It offers employees relief from the trauma of facing an unknown world of retirement. Retirement planning is a way of expressing concern for older employees at all levels, while giving them solid information they will need in the years ahead.

Lutheran Mutual Life has also tried to be responsive to social changes that impact the aged. We increased our maximum issue age from 70 to 75 years to reflect the increasing life expectancy of Americans. Diseases that previously resulted in either higher insurance rates or complete refusal for many aged applicants now do not, as we see the results of improved medical treatments. Such developments are monitored regularly to insure that our underwriting policies are appropriate.

In recent years, our company has made adjustment in our pension plan as it affects active employees. High inflation and an accelerated increase in the social security wage base have had a negative impact on benefits from pension plans. The last 3 years have also seen two benefit increases for those already retired, in an attempt to ease the inflation impact. This has been done for both field and home office retirees.

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Truly, the challenges facing human resource managers in the decades ahead will be substantial. All aspects of employment will be impacted by an aging work force whose management will require innovative responses. As some of these responses cannot be quickly implemented, it is critical to begin planning now.

Senator GRASSLEY. Thank you all very much. I have questions I want to ask. First of all, Mr. Schroeder, in your development of plans for keeping people past age 65 if they desire to stay on. In meeting the law, have you experienced what I have referred to as, griping from younger people that it may be inhibiting their chances for advancement and for closing opportunities? Has that been part of anybody's concern?

Mr. SCHROEDER. No; we thought that might happen, but I think fortunately in our case we have been a company that has been growing rapidly. We have had a lot of new job opportunities and we have heard very little from our younger people about this being a major concern of theirs. Now, I think if they saw some of the senior executives staying on longer, that would concern them. The law provides that companies can still ask their senior people to retire at age 65.

Senator GRASSLEY. Has there been any plan for senior executives who would no longer be senior executives if they should take some other position in the organization on either a part-time or full-time basis for another 5 years after age 65?

Mr. SCHROEDER. So far we have not had any requests from our management-level people to stay on beyond age 65.

Senator GRASSLEY. And consequently you have not developed any plans and probably will not anticipate developing plans.

Mr. SCHROEDER. No; we would probably look at it on an individual basis.

Senator GRASSLEY. I needed to ask you, Mr. Zillmer, and I am not sure that I can ask this question very clearly, but you have developed these tables comparing different age groups and I just wondered if there were any occupations that you could surmise—I am not implying that you should have considered lots of occupations—where the cost of somebody at age 65 would be such a small increase over somebody age 45? In other words, is it possible that there might be some occupations where it would be very costly to keep people beyond age 65 as far as insurance benefits?

Mr. ZILLMER. I am sure there would be some variation from occupation to occupation on these types of costs.

Senator GRASSLEY. Are there any that might stand out in your mind?

Mr. ZILLMER. Well, I think I would not consider it a real important factor because the costs that may increase would be related to certain types of accidents that are maybe more likely to occur in regards to some employment versus others. Obviously an office job would not be as high a risk as a construction-type job. But if an accident does occur on the job, that would be covered under unemployment compensation benefits and that would not directly be charged to the employer.

Senator GRASSLEY. Senator Percy indicated that this is the first time he had seen a study like yours saying that insurance costs for retraining people past 65 would not be prohibitive, and evidently that was in doubt when we passed the legislation. As far as you know, are you the first firm to have done any research in this area?

Mr. ZILLMER. I really could not answer that question. I would say that I am sure other firms have probably looked at these cost considerations as well, but they may not have had the opportunity to disburse them publicly.

Senator GRASSLEY. Well, as I said, these were factors that came up in some of the discussions this morning, and perhaps if we had known about your research we could have answered those questions then.

Frankly, it is the first time I have heard of it and I guess in a very general way this has come up in discussions I have had over a long period of time, and it may be that one of those myths will be exploded as a result of what you are publishing here.

Mr. ZILLMER. You should have come to the actuaries sooner.

Senator GRASSLEY. As my staff said, for the first time in our life we have a chance to see a real live actuary.

Congressman Leach.

Congressman LEACH. Let me just ask you, Ted, all of these face this problem in work force in their insurance, do you know of any other country that handles it in a different or better way than in this legislation?

Mr. ZILLMER. No, I really do not off the top of my head. Obviously, a country with a national health plan would probably not have to think as much as we do about what happens at age 65, because the cost would just be covered by the government plan, but I really cannot think of any examples of other countries.

Senator GRASSLEY. Would you gentlemen want to comment on that?

Mr. SCHROEDER. I would not have anything to add.

Senator GRASSLEY. Let me just thank you then. We, in Iowa, are very proud of your two companies.

Speaking of Iowa, I have just seen Senator Pat Deluhery. Pat represents Davenport in the Iowa State Senate and is one of our great, fine——[applause].

I have to apologize. I knew that there might be State legislators here. Senator Norman Goodwin has gone now, but he was in the audience over here too, and if any of you are friends of his, tell him I did not entirely forget him, but I think for the benefit of his position as a State legislator, I should have acknowledged his presence here beforehand.

I have no further questions of the panel. [Applause.]

We do not have all of our panel B. If you are here, would you please make yourself known?

John Niemeyer, who just sat in, will be introducing members of the second panel. I want to tell the audience that John is executive secretary of the Iowa State Occupational Information Coordinating Committee. He has been tremendously helpful in securing the members of this panel who will discuss age discrimination from a personal and subjective point of view, as well as a legal standpoint. John's own State occupational committee is a blue ribbon panel of State executives who represent the whole occupational spectrum, from job service to training and education. I am going to ask John to proceed, but before I do, I want to tell the audience, that John, as a State employee with the Job Service of Iowa, was very helpful in 1967 to me and Senator George O'Malley, who at that time had been 20 years in the State senate. John and Senator O'Malley and I, as a State representative, worked on legislation with two other colleagues of John Niemeyer's from the State Employees Association on the legislation that culminated in the merit employment legislation. We spent a lot of long hours together during the winter of 1967 working on that legislation and eventually got it through pretty much as we wrote it.

Mr. NIEMEYER. That is right.

Senator GRASSLEY. I am sorry. Mr. Martin, I thought that Mr. Niemeyer was going to introduce you, but you are Louis Martin of the Iowa Civil Rights Commission in Des Moines, Iowa, and it was my understanding that—does Mr. Niemeyer have some more people that are coming?

Mr. NIEMEYER. That is right.

Senator GRASSLEY. Well, I will have you start, Mr. Niemeyer, and then go to Mr. Martin.

STATEMENT OF JOHN L. NIEMEYER, DES MOINES, IOWA, EXECUTIVE DIRECTOR, IOWA STATE OCCUPATIONAL INFORMATION COORDINATING COMMITTEE

Mr. NIEMEYER. The Iowa Lakes Community College was going to be represented here by Katherine Farrell. The community college is operating an elderly supervision of youth program, serving a five-county area in northwest Iowa. It is funded under a CETA-Governor's special grant contract. The CETA elderly supervision of youth program—ESYP—is designed to provide training, experience, and employment for 25 adults 55 and over. The program is intended to utilize the adults full potential in a supervisory position over the CETA youth and other agencies involved with youth. This CETA special grant contract is unique in that its focus is on the older American. Most CETA grants concern the economically disadvantaged youth or individuals of all ages.

In the process of working with the program, they have developed impressions on age discrimination which they would like to share with this committee. Unfortunately, I called my office this afternoon and found that they are not able to attend. They respectfully ask that they be allowed to submit a statement and that it be incorporated into the hearing record.

Senator GRASSLEY. Their statement will be entered into the record.[1]

You are saying they have not only hired senior citizens, worked on programs of senior citizens being hired under CETA, but they have developed that program as part of a study of the possibility of, and the reaction to, the employed senior citizen?

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[1] See appendix, item 7, page 101.

Mr. NIEMEYER. That is right. The program involves job placement of senior citizens at worksites to both supervise youths under the CETA program and also for their own enrichment. The concern was for layoffs of individuals who did not have the training and skills necessary to compete in the current job market. This program provides retraining. It especially provides training on the job search process. If you work for an employer for several years and then, through no fault of your own, you become unemployed, let us say, through layoff, and you are a senior citizen, you might not have those job-seeking skills that help you find other employment. This program addresses that issue, and it is a pilot project and exemplary project.

In the process, however, they find that there are problems with placing elderly workers where there are no problems with placing youth. They have two individuals who would testify to the problems that they have encountered as older Americans and that would be part of the statement they have submitted.

Senator GRASSLEY. OK. Would you proceed then with your testimony?

Mr. NIEMEYER. My opening remarks provide a background to my involvement in age discrimination. Age discrimination, as with any other form of discrimination, feeds on ignorance, on a lack of information. Concise current information about jobs, worker characteristics, occupations, hiring practices, employment conditions, and so forth, help alleviate concerns and perhaps prejudices concerning the hiring of older Americans. The Iowa State Occupational Information Coordinating Committee is assisting in a small way to provide this type of information. The Iowa State Occupational Information Coordinating Committee is a multiagency effort designed to improve occupational and labor market information for program planning and career decisionmaking activities. The committee consists of vocational education, CETA vocational rehabilitation, and job service. Part of its activity is to assist administrators and planners, both in the public and private sectors, in meeting data and information needs for employment education, and training programs and activities. Information is also provided to individuals involved in job search activities or career decisionmaking, and also to counselors, teachers, placement specialists, employers, and so forth, who provide assistance to those individuals.

One such effort at providing information is a tabloid called "The Source—Job and Careers in Iowa." The tabloid was developed as a multiagency effort in Iowa to provide usable and readable information on occupations of the labor market to a broad range of adults and students who are either looking for work, choosing a career, or making a career change.

At this time I would like to provide you with copies of that tabloid. Copies are also available outside of the room to anyone who would like to view this publication. The tabloid is being distributed to 300,000 Iowans, including the older American community. The distribution includes 12 agencies on aging as well as other agencies that serve older Americans, including the department of job service, CETA, community action agencies, department of social service, colleges and universities, libraries, and other similar organizations. Included in the publication are a listing of 293 most common occupations in Iowa, that is from the Career Information System of Iowa, and also contains articles that would assist the older American, such as, "Older Iowans Face Job Hunting Obstacles," and "The Right Job, How To Get It," which is a step-by-step approach in job seeking.

Funds for the development, publication, and initial delivery of the tabloid are provided by CETA private industry councils, which shows an employer concern about this type of information, and CETA prime sponsors and this agency.

The editorial board that prepared it was composed of vocational education, department of public instruction, job service vocational rehabilitation, CETA, secondary school counselors, and such. This tabloid is a pilot project that will be evaluated to determine its usefulness. If it is considered successful, then it will be updated annually. By providing a variety of occupational and labor market information to both the employer and the older American community, the Iowa State Occupational Information Coordination Committee hopes that fears and prejudice that may exist concerning the hiring of senior citizens would be diminished.

Thank you.

Senator **Grassley**. Thank you. Mr. Martin, I think we will go ahead, even though your testimony might be somewhat different, before we have questions,

STATEMENT OF LOUIS MARTIN, DES MOINES, IOWA, DIRECTOR OF COMPLIANCE, IOWA CIVIL RIGHTS COMMISSION

Mr. **Martin**. Good afternoon, Senator Grassley and Congressman, Leach. Again, my name is Louis Martin, director of compliance, Iowa Civil Rights Commission. I am here this afternoon on behalf of the commission and its executive director, Artis Ries, to express the depths of our concern on a subject which is occupying an ever-increasing share of the commission's resources, and one that is high on the commission agenda, and hopefully one that is high on the agenda of all concerned Iowans and Americans. The Iowa Civil Rights Act is an expression of Iowa's commitment to the elimination of discrimination in the areas of employment based on race, sex, creed, disability, religion, and age. The commission views this mandate to eliminate age discrimination in employment not only from an enforcement perspective, but that our mandate includes promoting the employment of older workers based on their ability, rather than age, to help employers and workers find ways of meeting problems arising from the assumed curtailment of worker ability and efficiency by the advancement of chronological age as well as the traditional enforcement role.

In the area of enforcement the commission has experienced an increasing number of formal complaints filed, based on age, in the area of employment. In fiscal years 1979 and 1980 the commission received approximately three cases per month of age discrimination complaints. This figure has increased to eight per month during fiscal year 1981, and this figure of eight does not take into account those formal complaint filings that are filed with local human rights agencies and the Federal Enforcement Agency of the Equal Employment Opportunity Commission. That number would approximately swell to maybe 20 cases per month if all agencies were included.

That figure of eight per month represents approximately 12 percent of all case filings at the Iowa Civil Rights Commission. In addition, there is another 10 percent of the monthly filing at the commission which not only allege age as a basis of employment discrimination, but also allege either sex or physical disability. Many times age as a basis of discrimination is coupled with physical disability. We are finding that complaints of age discrimination in employment are heaviest in the area of reduction in force situations, failure to promote, and failure to hire. Our complaint file on these statistics are only the tip of the iceberg and shed only some light on the real problem of discrimination based on age.

The commission receives literally hundreds of inquiry calls per month from individuals who believe they have been discriminated against and clearly almost 25 percent of these inquiry calls relate to some form of age discrimination in employment. The vast majority of these inquiry calls never materialized into formal complaint filings. Our experience further indicates that the primary reason that older workers fail to follow through with formal complaints is fear of reprisal. This, despite the fact that such actions are universally prohibited under local, State, and Federal antidiscrimination laws. Therefore, the commission has concluded that even stringent enforcement of antidiscrimination laws in the area of employment based on age is not and cannot be the total answer to the problem. A commitment from private, as well as the public sector, must be made to all older workers and that commitment must generate the opportunity to engage in productive employment.

The commission sees six reasons why the commitment must come about. First of all, the commission believes that any discrimination made among youthful and older job applicants in employment amount to a form of ageism, a type of discrimination that compares very favorably or unfavorably with race, sex, religion, and other forms of discrimination. Older workers who are still capable and willing to work—excuse me. Discriminated against older workers who are still able and capable of work makes no more sense than discriminating against blacks, women, religious or ethnic minorities.

Second, the commission believes that there are vital health considerations to take into account. Recognized authorities in the medical profession have indicated that retirement often subjects workers to sudden and sometimes strong negative reactions that affect mental attitude, health, and perhaps even longevity.

Third, life expectancy. In 1935 the life expectancy for an average worker was 65 years of age. Today life expectancy is 72.5. What is an older worker to do during these latter years?

Fourth, there are economic considerations. Since retirement income from public or private resources is unavailable for many retiring workers, and even if it was available, it is inadequate to support them in a comfortable existence, the opportunity for an employee to continue working is viewed negatively, and it becomes a question of economic survival in that most people who want to continue to work and be productive are those most often needing to work for economic reasons.

Fifth, there is a burden on the social security system why age discrimination should be eliminated. As we all know and are reading about constantly, the social security system is crumbling beneath us today and by allowing more and more people to go on the social security system through the existence of discrimination, which is forcing early retirement, we are wearing ourselves.

Sixth, late entry of women into the job market. The mandatory retirement systems, even as they exist today, limit the number of years that women very often enter the job market after raising a family, or following a divorce, or so forth, and they are not able to accumulate the requisite number of years and, therefore, discrimination based on age has a profound effect on them.

We think public opinion demands that discrimination based on age be eliminated. The decade of the 1980's may well be the decade when older Americans, including older Iowans, begin fully participating in the utmost in the employment sector of our economy, but as you are all aware, this can only occur where employment decisions are based on ability rather than age.

The commission thanks you again for this opportunity to express our opinions and hopefully that through our efforts and the efforts of all Iowans, discrimination in employment based on race, sex, creed, religion, and disability can be eliminated.

Senator **Grassley**. I will have Congressman Leach ask questions first because he has to go to the airport also.

Congressman **Leach**. Thank you, Senator. Let me ask Mr. Martin, does the commission have any statistics or evidence available indicating whether there is a correlation between, let us say, ageism and racism? That is, do older workers who, for example, may be black, have a harder time keeping or finding a job than older workers who may be white?

Mr. **Martin**. No; there are no statistics correlating those two factors at all.

Congressman **Leach**. So ageism stands alone as a problem in and of itself?

Mr. **Martin**. Ageism not alone with race, but the factor of ageism and disability are very highly correlated and age and sex correlates very highly.

Congressman **Leach**. Thank you very much.

Senator **Grassley**. Is the Iowa Civil Rights Commission the contractor for the EEOC?

Mr. **Martin**. Yes, it is.

Senator **Grassley**. And that would include the whole range of possible discrimination cases that are listed in the EEOC? The Iowa Civil Rights Commission handles every one of those?

Mr. **Martin**. Right.

Senator **Grassley**. OK.

Mr. **Martin**. Just recently we contracted to do age cases for EEOC and we know that the EEOC is a form of enforcement of the ADEA in July 1979, and beginning this fiscal year we are contracting to do age cases, and for fiscal year 1981, Iowa was contracted to do 36 cases, and for fiscal year 1982, Iowa was contracted to do 125 age cases.

Senator **Grassley**. And I assume that anything over that 125 is handled at the Kansas City office?

Mr. **Martin**. No; anything over that we will not get contract credit for what we will still do.

Senator **Grassley**. Oh, you still have to do them?

Mr. **Martin**. Yes.

Senator **Grassley**. So that is just the basis of how you are paid?

Mr. **Martin**. Right.

Senator **Grassley**. You made the statement that many age discrimination cases are not filed because of possible recrimination?

Mr. **Martin**. Correct.

Senator **Grassley**. Now, is that based on statistics that you have accumulated or just kind of your gut reaction?

Mr. **Martin**. That is statistical. We keep an inquiry report which shows the basis of our inquiry calls, and more than any other area, age discrimination, especially in the area of failure to promote, many times individuals will call, thinking that the reason they did not get a particular promotion was because they only had 3 years to go to retirement, or so forth. They do not want to rock the boat because they do not know how that will affect retirement and, they do not file.

Again, our statistics show that of 50 inquiry calls based on age, maybe only 2 will go to a complaint filing. Where on the other basis of race and sex, you would also get a 50-percent complaint file and so that tends to indicate that there is another reason why people in the particular age group are not filing, and it seems to me from the data we have, that fear of some type of reprisal, because they have built up a stake. In many instances women in minority group members have not built up a stake in the job as of yet as the older workers have and, therefore, they have less to lose.

Senator **Grassley**. Do you ever find yourself in a position of advising people that perhaps they should not file because there could be recrimination?

Mr. **Martin**. No, we do not. We normally tell the individual that if there is any reprisal because of their filing, or for them advancing or protect any of their rights as protected under our particular law, that is also protected under our law, and they may file a civil rights cause of action based on that. That is not much comfort once you have been terminated for filing a civil rights report because then you must go through the administrative litigation process, which as you know is very lengthy, and even though it may be a violation of the law, the individual cannot afford the time that it takes to go through those processes.

Senator **Grassley**. Are there more—and you may have addressed this and I missed it, but are there more age discrimination complaints filed by people who have jobs but feel they have been discriminated against on chances for promotion or are there more filed by people who are not able to get a job after they have applied?

Mr. **Martin**. More on current employees pretty much so. The reduction in force area is becoming the big area because in the economic situation people are cutting back, and what we are saying is the older worker is being shifted out. Their job is being eliminated. In many instances the courts have not ruled on whether or not they have to provide an opportunity to move down to another job, especially where it is not a union situation. There has recently been a fifth circuit case that says if the older worker cannot move down into another suitable job that he is qualified for, then he does not necessarily have to be replaced with a younger worker in order to prove his case, but only to show that he was not given an opportunity to move down, and I think this is going to be the big area if the economy continues the way it is going.

Senator GRASSLEY. John Niemeyer, is your coordinating committee part of job services or is it an independent aid committee?

Mr. NIEMEYER. It is part of the Governor's office. That is where it is located, but its governing body is a combination of job service——

Senator GRASSLEY. I think you spoke to that and I obviously forgot. But your committee is not concerned just with employment for elder Americans?

Mr. NIEMEYER. No, it is not. It is concerned with providing information to assist people who are looking for work or choosing a career, and encompassed in that, is a concern for both the youth and the older American. We are responsible for developing and publishing information on occupational characteristics, both the characteristics of the workers and the characteristics of the jobs, and that includes such things as hiring requirements, procedures, and such.

Senator GRASSLEY. Have you noticed any increased interest in hiring of older Americans or more interest on the part of older Americans in employment since the passage of the 1978 act?

Mr. NIEMEYER. We have not found a marked increase. It has remained as before. The concerns that have been voiced, especially with the Iowa Lakes Community College project was that employers preference was to hire the younger workers. When the CETA teams would go and talk with employers about the youth, they had a good reception. When they began to discuss hiring of an older worker, there was some reluctance, and I think that is somewhat prevalent.

Senator GRASSLEY. If you heard my questioning of former panels, I brought up this question that has come out of previous discussion, concerning so-called myths about older workers. Is that part of what you are talking about? There is a feeling that older workers are not as productive, that they are more accident prone, that they might be more costly, that there is expensive training for a short period of employment, and so forth. Is that part of your experience?

Mr. NIEMEYER. The primary concern is the physical and mental health of the older worker, and studies by the Bureau of Labor Statistics have shown that the older worker can match or exceed younger workers in areas such as stability on the job, productivity, morale and motivation, and life satisfaction, but nonetheless, the myth still prevails.

Senator GRASSLEY. Do you have any way of knowing whether that myth is any more prevalent or less prevalent in Iowa as opposed to other States, or any more or less prevalent in so-called rural America, like Iowa, than in metropolitan areas?

Mr. **Niemeyer**. I would not have any information on that. I would cite a problem in rural areas that is not discrimination, per se, but it is a problem of transportation. In some cases, the older worker does not have the opportunity to seek employment in some jobs because they do not have the transportation to get to the employment. This is also true with very young workers, too, but it is a problem more prevalent in rural than urban areas.

Senator **Grassley**. In your connection with the State employment over a long period of time have you felt that among younger State workers the fact that mandatory retirement has been either eliminated or at least it has been greatly diminished under Federal law or maybe there has been a State law that has eliminated——

Mr. **Niemeyer**. That is right.

Senator **Grassley**. So that is the situation. My question is still the same, as far as the younger workers' feeling that that is blocking his opportunity for advancement. Now, my question is, in regard to a year-long tenure and state of employment, whether or not that feeling is greater or less today than it was before, and does that relate to the repeal of legislation for mandatory retirement.

Mr. **Niemeyer**. Based on 13 years of experience in job service as an economist, I would say that the initial reaction was concern that the upper mobility of the younger worker would be affected by the elimination of mandatory retirement at age 65. I do not think that concern is as prevalent as time has passed. I think what is found is that, in a lot of cases, the older worker will retire early rather than at age 65, if they have the economic capability to do so, and if there is a problem with health. Where you have workers who have taken advantage of the elimination of mandatory retirement, it is based on two considerations, it seems. One is the economic consideration where they need to continue employment for their livelihood. The second is the interest in continuing work, the satisfaction derived from employment, and from working with their fellow employees.

Senator **Grassley**. Do people at higher management positions in State employment advance after years of normal retirement, we will say 65 and above? Do they generally if they want to, do they leave State employment or do they take lesser positions?

Mr. **Niemeyer**. What I have found is they will usually leave rather than take lesser positions. There are instances where they could take a voluntary demotion so they can continue in employment, but what it generally amounts to is they continue working at the same level, until maybe such a time that they do decide to retire, and in some cases, that is beyond age 65.

Senator **Grassley**. I do not think I have any more questions. I want to thank this panel, Mr. Martin and Mr. Niemeyer for coming a long distance, as well as those in the insurance industry panel. I know it is a long time to spend on the road just to testify, but we appreciate it very much because it helps us keep this oversight function working as it should. But we also want to be more positive than that and help facilitate employment opportunities for Americans who want to work, and I want to put that emphasis on who do want to work. Now, the hour of 4:30 has come—time in the schedule for recessing this hearing.

I want to thank all in the audience who listened so patiently, all the people who were on the programs and panels, and suggest to you if there is anybody in the audience who has written testimony that they want to submit, it will be received as part of the written record. I would also suggest that at a time down the road—I would say 2 or 3 months—the printed record of this hearing in the Quad Cities will be available for public dissemination. If any of you desire a printed copy of the record, write to my office, Senator Percy's office, or the Senate Special Committee on Aging.

This hearing is adjourned. Thank you very much.

[Whereupon, at 4:30 p.m., the hearing adjourned.]

APPENDIX

LETTERS AND STATEMENTS FROM INDIVIDUALS AND ORGANIZATIONS

ITEM 1. LETTER FROM CHARLEAN TALBERT,[1] DIRECTOR, PROJECT NOW, SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM, ROCK ISLAND, ILL., TO SENATOR CHARLES H. PERCY, DATED OCTOBER 22, 1981

DEAR SENATOR PERCY: In response to your recent request for more information on the senior community service employment program, title V of the Older Americans Act, I respectfully submit the following:

Here in Rock Island, Project NOW employs, with funding through the National Council of Senior Citizens, 67 older workers. Of this number, 63 were below the poverty level when recruited, and the overwhelming majority had less than a high school education. With an average age of 64, these are not people who find it easy to obtain employment.

As senior aides, these older workers are working in a number of activities that we, at the local level, have determined to be the most critically pressing community needs. For example, some senior aides in Rock Island help staff and operate three day-care centers. These centers enable low-income families and, particularly, low-income mothers, to be gainfully employed. Nearly 260 children are cared for daily. Not only do these children receive the wisdom and care that a grandparent (in this case a surrogate grandparent) can provide, but also many working parents are able to contribute to the community and to their own betterment, because of the work of the senior aides.

Another example—some senior aides are helping the infirm elderly to remain in their own homes and avoid costly institutionalization in nursing homes. Working with the Visiting Nurses Association, "friendly visitors" lend the human touch to the homebound—doing grocery shopping, picking up prescriptions, letterwriting, bank trips, straightening up the house—tasks that not only allow the infirm to remain where they are most comfortable (in their own homes), but also saves taxpayers in the community the very high costs of care in nursing homes. I might add that those senior aides who visit the homebound are those who are most qualified to give comfort and understanding, because they are of the same generation and know firsthand the loneliness of aging in America.

Let me give you one more example of the productive and imaginative approach that the senior aide brings to the job and what we are getting in our community for the small investment represented by the program.

One of the aides organized volunteers to visit senior citizens who had ended up in nursing homes and who had no one to visit them. This aide learned from a survey that there were 427 lonely elderly people in nursing homes in the area who had no one left to care. For them that means little contact with the world and no chance for the intimacy that so many elderly have lost with the death of friends and family. She has found nearly enough volunteers so that almost everyone of those 427 people have someone who comes and visits regularly and spends a little time and caring. This compassionate program would never have got off the ground or have been able to continue without the creative effort and determination of this skilled senior aide.

I think that you would all agree this is an important and worthwhile project for our senior aide, but let me share with you what it did for the woman who organized this project. When she first applied, she was without income and alone. She was literally starving and simply did not know who to turn to. To say that she had little self-confidence in her abilities or potential would be understating it. But we hired her and she steadily regained a sense of involvement and self-worth. She organized the survey and then she acted upon the results. I have told you that this program is a community investment—I guess it's human investment that takes a woman like this woman was and helps her become a productive member of her community and, in fact, a leader. One more thing about this senior aide, when we enrolled her she had just celebrated her 74th birthday.

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[1] See statement, page 46.

You asked me about CETA and other Federal programs that might help the aged. I am sorry to have to tell you that the older worker is invisible to the CETA office. There has been a lot of activity which has resulted in many jobs for the younger, disadvantaged worker, but older workers just are not found in CETA training programs in my area. The prejudices that make it so hard to find jobs in the private sector for the older worker seem to also be at play in the employment and training programs. And when you can't get training for your people—people who may have never worked before in their lives as is the case with many of the widowed mothers who are enrolled in my program—then you really have nowhere to go. I told you that we have 67 people in our program. There are probably over 30,000 older people in my area who are poor and who want and need jobs. Nationally, only about 4 percent of CETA positions go to older workers.

In the years since this program has begun, we have demonstrated to our community that older workers have the potential to be real contributors in our local labor force. We usually place about 13 percent of our enrollment annually in unsubsidized jobs. Considering that these placements are largely through our own contacts and considering the tight job market, I think that 13 percent annually is a good record.

On the subject of jobs for the older workers in the private sector, I would like to mention that the local job service office is like many things in this country—more youth orientated than older worker orientated. If I had more support, I think that we could increase the number of placements but, as it stands now, the senior aides office is the older workers best hope.

My people tell me that they get such poor service from the employment office that they don't even bother going there anymore. So, if you ever wonder why the figures are so low in the Labor Department on the number of elderly who are out of work and looking, then there is your answer.

When you consider that International Harvester, a major employer in Rock Island, has been laying off hundreds, then you can understand why it is so difficult to find jobs for older workers. It is a shameful note really for these people who have given so much for their country and families until now to feel that they are no longer needed or wanted. To have that note amplified by the Government is intolerable.

But the senior aides program is a bright note in an otherwise dark scene for older workers in my three-county service area. Not only does the program provide the important services I mentioned earlier, but it does it with very economical and efficient administration. Cost for administration of this program total less than 6 percent.

As you may know, the Federal regulation permits 15 percent for administration. The saved 9 percent not used by NCSC senior aides projects goes to wages for participants. In Rock Island that enables the creation of seven more jobs. That may not seem like a lot, but when you consider that there are 127 projects like mine, the national figure is nearly 1,000 more jobs generated by saved administrative costs.

I would like to add that the 6 percent that the National Council uses for administration of this program buys a lot; we are monitored four times a year by senior aides national office representatives and they really know what this program is all about. We are audited twice a year. In addition, there is a yearly training conference for all project directors and there are periodic fiscal training workshops for our accounting people. I think that this kind of attention goes far in keeping this program free from fraud and abuse and close to the original purposes of the legislation.

In conclusion, I would like to respond to your request for suggestions on how to improve this worthwhile program. First, I don't want to have to lay off any of these older workers who are doing such a good job in my area. So, please do not cut this program. At the same time, I recognize the constraints on the budget so I won't ask for any large increase. I would say, leave the program alone, present operating levels, present sponsors, in present locations. I think the phrase is, "If it's not broken, don't fix it."

Sincerely,

CHARLEAN TALBERT.

ITEM 2. LETTER AND ENCLOSURE FROM PHYLLIS H. PINKERTON, EXECUTIVE DIRECTOR, AND MICHAEL O'DONNELL, PLANNER, EAST CENTRAL ILLINOIS AREA AGENCY ON AGING, INC., BLOOMINGTON, ILL., TO SENATOR JOHN HEINZ, CHAIRMAN, SENATE SPECIAL COMMITTEE ON AGING, DATED OCTOBER 12, 1981

DEAR SENATOR HEINZ: The East Central Illinois Area Agency on Aging appreciates the opportunity to address the Special Committee on Aging on the issue of employment opportunities for older persons.

The area agency on aging has been a grantee for the senior community service employment program (title V of the Older Americans Act) for several years. At the present time our program has an enrollment of 65 workers, 8 of whom provide services to the general community, and 57 provide services to seniors throughout our 16-county area. A breakdown of those workers by service is enclosed.

The title V program has been of major assistance to low-income older persons willing and able to work. The program has enabled them to supplement their incomes and helped them to maintain a sense of dignity and self-worth in their older years. In east-central Illinois, the title V program has been particularly successful in providing job opportunities to older workers who want to serve other seniors.

With the recent termination of CETA title VI workers in Illinois, social service programs and nutrition programs serving the elderly have had to rely more heavily upon title V workers to continue their services. In some sparsely populated rural areas title V workers are the only manpower available to provide services to seniors in the community. For example, two title V workers are responsible for preparing and serving congregate meals for about 40 older persons in a minority community in a very remote section of Iroquois County. Maintenance of these job positions is absolutely vital to the well-being of seniors in this community.

One of the goals of the title V program is to place older workers in unsubsidized positions commensurate with their skills. The area agency on aging is committed to working toward this goal where feasible. We would caution, however, that placing too great an emphasis on this goal might result in added costs to society. The jobs currently held by title V workers serving seniors are not readily assumed by the private sector, especially in rural areas. Cooks, dishwashers, van drivers, chore workers, housekeepers, and outreach workers provide essential services to those older persons in the community who live alone, do not have access to an automobile, or who are physically impaired. The persons who hold these jobs are precious not only because they provide needed services but because they care about the people they serve.

Prime examples of this care and commitment to seniors in the greatest need are the nursing home advocates employed by the title V program. During fiscal year 1981, these workers accomplished over 34,000 one-on-one visits with the residents of nursing homes. The total hours spent with residents was 9,361 with a total of 9.507 personal services performed for their benefit. Personal services included letterwriting, shopping, personal care, mending, escorting to and from activities and therapy, feeding the blind, reading and assisting patients in orientation to and acceptance of routines. These services are constantly supplemented by the efforts of volunteers, but the value of the title V workers lie in their reliability and long-term commitment. Such qualities are not easily subject to a cost-benefit analysis.

The area agency on aging has made some progress in placing older workers in unsubsidized employment. In fiscal year 1982 the agency will attempt to place at least 15 percent of its title V enrollees in unsubsidized positions. One person has entered private industry in McLean County this year; another has been placed in a public library, and two persons will enter unsubsidized positions in Macon County in the near future.

To be effective in reaching this goal the area agency on aging must rely on the cooperation of job service offices, both private and public, throughout the State. In short we need in these offices advocates for older workers. The manpower coordinator at the area agency on aging has attempted to place a title V worker in a public job service office to recruit and place older workers in the private sector. Such placement has been hampered however, due to rules which restrict our ability to raise the wage of the title V worker commensurate with other job service employees. Title V enrollees are currently paid at the minimum wage level.

Last, the area agency on aging would stress the need for an equitable distribution of title V job slots in Illinois. We recognize the dedication and accomplishments of national contractors who have promoted employment opportunities for older workers. Many of those contractors have been most effective in urban areas. Because we are responsible for planning services and advocating for older persons in a 16-county area, we see the need to increase employment opportunities especially for rural seniors. We would urge the Senate Special Committee on Aging to support efforts to increase the allocation of title V job slots to State grantee agencies through the network already charged with comprehensive planning for older persons.

Sincerely,

Phyllis H. Pinkerton,
Executive Director.

Michael O'Donnell,
Planner.

Enclosure.

OMB Approval No. 44-R1605

U.S. DEPARTMENT OF LABOR • Employment & Training Administration

SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM QUARTERLY PROGRESS REPORT

PROJECT SPONSOR East Central Illinois Area Agency on Aging		REPORT PERIOD ENDING (Month & Year) September 30, 1981	PROGRAM NO. 41
CITY AND STATE Bloomington, Illinois			TYPE OF REPORT (Check One) XX ☐ Interim ☐ Final
AGREEMENT NUMBER	SUBPROJECT NO.	PROJECT PERIOD From July 1, 1981	To June 30 , 1982
NO. ENROLLMENT POSITIONS ESTABLISHED		UNSUBSIDIZED PLACEMENT GOAL	9

A. ENROLLMENT LEVELS *(Number of Enrollees)*

1. Carried over from previous project	68	3. Placed in unsubsidized employment this project	2	5. Current enrollment *(End of Period)*	65
2. Started under this project	0	4. Other terminations this project	1	6. Enrollment vacancies *(End of Period)*	0

B. JOB INVENTORY

SERVICES TO GENERAL COMMUNITY	NO. JOBS	SERVICES TO ELDERLY COMMUNITY	NO. JOBS
1. Education	5	11. Project Administration	4
2. Health and Hospitals		12. Health and Home Care	6
3. Housing/Home Rehabilitation		13. Housing/Home Rehabilitation	7
4. Employment Assistance		14. Employment Assistance	0
5. Recreation, Parks, and Forests		15. Recreation/Senior Centers	6
6. Environmental Quality		16. Nutrition Programs	10
7. Public Works and Transportation	1	17. Transportation	3
8. Social Services		18. Outreach/Referral	10
9. Other	2	19. Other Nursing Home Advocates	11
10. TOTAL *(1 - 9)*	8	20. TOTAL *(11 - 19)*	57

C. ENROLLEE CHARACTERISTICS

CHARACTERISTICS		STARTS *(Cum.)*	CUR. ENROLL.	CHARACTERISTICS		STARTS *(Cum.)*	CUR. ENROLL.
SEX	Male	0	8	RACE/ETHNIC GROUP	White *(not Hispanic)*	0	49
	Female	0	57		Black *(not Hispanic)*	0	16
EDUCATION	8th & Under	0	8		Hispanic	0	0
	9th - 11th	0	14		American Indian/ or Alaskan Native	0	0
	High School Grad or Equivalent	0	21		Asian or Pacific Islander	0	0
	1 - 3 years College	0	16	AGE	55 - 59	0	8
	4 yrs. College or more	0	6		60 - 64	0	14
Family Income at/below Poverty Level		0			65 - 69	0	21
Veteran		0	1		70 - 74	0	16
D. AVERAGE HOURLY WAGE/CURRENT ENROLLMENT			$3.35		75 and Over	0	6

E. NARRATIVE REPORT *(Attachment)*	SIGNATURE Fred R Knee nyo Fred R. Knee Manpower oordinator	DATE 10-9-81

(Formerly MA 5-140) ETA 5140 (Rev. May 1978)

BEST COPY AVAILABLE

ITEM 3. STATEMENT OF FRANK G. BLUMB, PEORIA, ILL., ASSOCIATE DIRECTOR, CENTRAL ILLINOIS AGENCY ON AGING

My name is Frank G. Blumb. I am associate director of the Central Illinois Agency on Aging. I am one of three persons who have traveled here together today. Together, with a fourth person, who could not come because of a prior job-related commitment, we constitute the entire delegation from our six-county planning and service area to the 1981 White House Conference on Aging. The others here today are Louise M. Stanley, director, information and referral service, department of human resources, city of Peoria, and Pat Sheridan, administrator, Fondulac Nursing Home, East Peoria. Mrs. Stanley is a delegate, and Mrs. Sheridan and I are observers to the White House Conference. Mrs. Stanley also serves on the board of directors of the Central Illinois Agency on Aging and is its immediate past president. By consensus I shall speak for our group.

Let me begin by expressing our thanks to Senators Grassley and Percy and the Special Committee on Aging for affording seniors and their advocates this opportunity to speak out on the very important issue of employment of the elderly. It is significant that three of the four in our area's delegation to the White House Conference are past 60—two of us past 65--and all employed. It is also significant that their employment is by public or not-for-profit organizations or projects which receive their principal funding from resources provided pursuant to the Older Americans Act.

Let us say, first, that it is our fervent hope that the Congress will continue, undiminished, its support of the programs made possible under this landmark legislation, particularly title III, social services and nutrition, and title V, employment.

While it is generally conceded that the Social Security Act needs major overhauling, it appears that the complete process will take some time. There is, however, one negative aspect to the act which should be relatively simple to quickly eliminate and which relates directly to the purpose of this hearing. That is the so-called "retirement test"—the provision that requires that the benefit of a person under age 72 shall be reduced by $1 for each $2 of earned income above a stated maximum, currently $5,500. This is an unjust restriction, especially in these times of high inflation and a definite disincentive to employment of older persons. It is counterproductive in terms of the emerging public recognition of the need of the general economy to retain all who are able in the work force and in the body of payers of income, social security, and other taxes.

Furthermore, the Government's method of recouping "overpayments" of retirement benefits resulting from underestimates of earned income and of adjusting for projected earnings under the "retirement test"—that is, by suspending current payments—is, at best, inconvenient and can be even traumatic to the older worker.

If you will pardon the personal reference I will cite my own recent experience as an example. The adjustment for my estimated earned income in excess of $5,500 for 1981 has caused my monthly benefit payments to be withheld completely for 5 months. Fortunately, I was not completely dependent upon my earnings plus my social security for my livelihood. One can envision the devastating effect of such an abrupt, complete, and prolonged suspension of social security payments upon one who was dependent upon them as a major source of subsistence.

Relief from such instability in the flow of cash to employed beneficiaries could be provided by spreading the necessary adjustments equally over the payments for the remaining months in the current year.

But this would be only temporizing with the basic injustice in the law to which I have referred. What is needed is repeal of the "retirement test," itself. We strongly urge the Special Committee on Aging to extend its full influence in the Congress to bring this action about at the earliest possible date. Again we thank the committee for this opportunity to be heard on this vital issue.

ITEM 4. STATEMENT OF SHEILA A. DUNN, ELDORADO, ILL., DIRECTOR, ILLINOIS GREEN THUMB

"Unless we alter our expectations and our policies concerning work, concerning further education and training to allow for labor force retention for our middle-aged and older population, we are headed for a situation in which the working population probably will be unable to support the retired population, our retirees will not be able to live on their retirement income, and our society will lose more and more of our older people's expertise and experience."—Julia R. French, *Education and Training for Middle-Aged and Older Workers Policy Issues and Options.*

Much that we read in current publications backs that up today. The social security system appears not to have enough money in it to provide the "security" persons need and have grown to expect as they age; predictions about the future work force indicate that it will be shorthanded after the "baby boom" generation has grown old; and people are just not able to save money for their retirement years in today's times of high inflation, high cost of living, and high cost of borrowing. It would seem, then, that the only feasible answer for us in the future is to encourage society to give up the idea of "the golden age of retirement" and to encourage people to think in the direction of *never* retiring. These issues have been around for years, but they have only recently gained national headlines and attention.

One small program that has been addressing the issue of trying to encourage employers to hire or retain older workers in their work force has been the senior community services employment program, funded through the Department of Labor under title V of the Older Americans Act. In the early years of the program, the emphasis was primarily on that of income maintenance. However, as our country's needs changed, so did title V. For the past 3 or 4 years, more emphasis has been placed by Congress (and thus by program operators) on assisting older people in finding unsubsidized employment. As you well know, a 15-percent placement goal was written into the legislation to point out Congress' concern with these very issues.

Illinois green thumb program, a title V program sponsored by the National Farmers Union, has worked hard to carry out that mission. Last year we placed 16.2 percent of our green thumb workers into unsubsidized jobs. During this program year we must place 118 people into other employment in order to meet our minimum 15 percent goal. That does not sound like a very large number. However, it is not all that easy to do, given today's increasingly high unemployment figures statewide. Currently, several of the southern Illinois counties in which we operate have an unemployment rate at or near 20 percent. Employers just are not hiring many people these days; and when they do, there are many, more-skilled younger people standing in line for that job opening.

The truth is that the low-income, older person who is eligible for the title V program is also most likely to be the least skilled and/or educated job applicant. Unfortunately, precisely because of their lack of job skills and/or education, they are the ones who have not earned enough throughout their younger years to "put something aside for a rainy day." Then, too, they are also the ones whose pride will not allow them to apply for "welfare" and food stamps. These people need jobs in order to just maintain a subsistence level of living. Further, I feel it is their right to compete for existing jobs.

The title V program is such a small program that all it can do is to set an example for others to follow. While placing 15 percent of our workers is an accomplishment in and of itself, it mainly serves to provide us with the opportunity to demonstrate to other older people, employers, and society at large of the value of the older worker. Employers will hire older people on their payrolls, but it is currently an uphill battle to convince them to do so. Somebody needs to persuade employers that they need to change their attitudes about these issues in the not-so-distant future. A program that advocates the hiring of older people is much needed just now. Maybe, in the future, we will not need to work so hard at that task, but we have not yet made that kind of impact on employers and society.

ITEM 5. STATEMENT OF DR. THOMAS T. TOURLENTES, ROCK ISLAND, ILL., EXECUTIVE DIRECTOR, COMPREHENSIVE COMMUNITY MENTAL HEALTH CENTER OF ROCK ISLAND AND MERCER COUNTIES

I would like to thank you for the opportunity to offer this statement on behalf of our growing elderly population with its many unmet needs. I am Dr. Thomas T. Tourlentes, and I am the executive director of the Comprehensive Community Mental Health Center of Rock Island and Mercer Counties.

Our center has been characterized as a national model of excellence, both in terms of quality and quantity of services provided, and their general availability to the 185,000 people residing in our mental health planning area. However, our demographic studies show that we are not reaching the elderly in proportion to their numbers. This is of concern to us.

There are many reasons for this situation. Eligibility and access to mental health care, both public and private, is restrictive and discriminatory. Necessary support services, such as transportation, also are very limited, expensive, or nonexistent, particularly for residents of rural areas. The not uncommon rejecting attitude about the diagnosis of mental illness among the elderly compounds these problems. These and many other converging negative factors have a discouraging and at times defeating impact on the elderly and those who would like to help them improve the quality of their lives.

Unrecognized and unmet emotional needs tend to find expression through physical symptomatology. This, of course, leads to inappropriate and excessive utilization of the wrong health services, and greater health care costs for all of us. More timely and complete attention to the underlying emotional needs of these people could improve this unfortunate picture considerably. However, to do this we must have greater understanding, tolerance and support for a vigorous mental health out reach program designed to meet the unique needs of this important and growing population. Anything else will be self-defeating in the long run.

Old age should be a time of peace, security, and respect. It is wrong to say that we cannot afford to do this. The issue is not resources but priorities. We have the means if we can find the will to reallocate our resources in a more equitable manner.

With respect to the work/retirement issue, it clearly is to everyone's advantage to keep truly productive people producing for their benefit and ours. Labeling people obsolete merely because they have reached an arbitrary age no longer serves any useful purpose. Business, social security, and income tax laws should be amended to give affected individuals the necessary incentives and additional options to choose what is best for them. the opportunity to work is an essential part of the life process. Enforced idleness and economic dependency is a frightening and demoralizing notice of impending death for many affected individuals.

I hope you will agree that those who have contributed to our quality of life should continue enjoying it as long as possible. Thank you.

ITEM 6. STATEMENT OF GARY L. SMIDT, L.P.T., PH. D., GRADUATE PROGRAM IN PHYSICAL THERAPY, UNIVERSITY OF IOWA, IOWA CITY, IOWA

INTRODUCTION

This section relates to issues considered at the hearing on "Employment: An Option for All Ages" which was held in Rock Island, Ill., and Davenport, Iowa. Presiding at this hearing Senators Charles Percy of Illinois and Charles Grassley of Iowa.

In practice advanced age is often used in restricting a person from load-handling jobs. At this point in time there is no objective evidence to support restriction of older persons from performing manual-handling tasks so the premise that older workers have diminished capacity to perform functional work tasks is mainly based on speculation. For example, older workers have less incidence of low back pain than younger workers. It is not clear whether this is because only selected older workers have survived the stresses of longstanding manual work. It seems that heavy physical work even when performed in the twenties, can cause increased rates of injury. Perhaps the younger person may not have developed the abilities to recognize and control the requirements of manual-handling tasks as has the older worker. The younger worker may be overstressing his body and simply have the physiological and mechanical wherewithal to withstand the rigor of the job.

The basic question seems to be twofold: (1) Does the functional capability of the older worker differ from the younger workers, and if so, which variables and to what extent, and (2) for performing specific work tasks is the older worker more efficient than his younger counterparts?

PROPOSAL

The graduate program in physical therapy at the university of Iowa has the technical and human factors expertise to conduct a study with the following specific aims: (1) To compare, using objective measurements for multiple variables, the functional capacity among different age groups of workers covering the spectrum from 20 to over 65, and (2) to determine, using these same variables, the efficiency of older workers in performing load-handling tasks for selected job sites within an industrial setting.

Large numbers of nonpathological subjects would be assessed in the laboratory setting to acquire normative data under controlled conditions. The data reflective of functional capability, would consist of general and specific muscle use (electromyography), body movement characteristics (optoelectric measure), and energy expenditure (cardiovascular response). Multiple tasks involving a variety of lifting and ar bulatory-related tasks would be identified. Efficiency for muscle use (strength and fatigue), body movement, and energy expenditure will be determined for each age group and for each class of job-related tasks. The data will be obtained using online electromechanical devices and computers available in the physical therapy laboratories. These normative data will be stored in the computer in such a way that data can be added with increased numbers of subjects over time.

The significance of this extensive bank of objective data is that the bank serves as the criterion base for information collected for similar functions performed in the industrial setting.

The second portion of the study would be to actually measure variables of function within the industrial setting. Personnel from the graduate program in physical therapy at the University of Iowa have met on several occasions with officials from Deere & Co. whose corporate office is in Moline, Ill. This company is supportive and keenly interested in cooperative studies involving workers within their plants. Therefore we propose to obtain measurements of muscle use, movement characteristics, and energy expenditure for workers performing selected manual tasks within Deere & Co. plants. We have identified the technological capability of continuously monitoring onsite information for an 8-hour work shift. This technology is noninvasive and would not encumber the workers ability to perform the task. Using this approach we could then determine acceptable levels of work for each job, and with respect to specific jobs and tasks compare the efficiency between individual workers and, for this study, compare the efficiencies between workers in various age groups.

To our knowledge the proposed approach is novel. This study would help provide a basis for justifying the extent older Americans are at risk in working at manual handling tasks.

ITEM 7. STATEMENT OF KATHERINE FARRELL, IOWA LAKES COMMUNITY COLLEGE, ESTHERVILLE, IOWA

The CETA elderly supervision of youth program (ESYP) is designed to provide training, experience, and employment for adults, 55 years of age and over. The purpose of the elderly supervision of youth program is to utilize the full potential of the adults as they act as supervisors on worksites where youth are present. The primary goal of this program is to enhance participants' confidence, self-esteem, and marketable skills to gain unsubsidized employment.

The elderly supervision of youth program consists of:

Assessment of needs; training in job seeking and keeping skills, supervisory training, and assertiveness training; support group meetings which are held monthly to reinforce classroom training, to provide a positive support system which also enables participants to succeed at their jobs; and the participants are placed at worksites for on-the-job training until they procure unsubsidized employment. The on-the-job training phase of the program helps the participants develop supervisory skills and provides them with a supplementary income.

The discrimination (against the elderly) that the ESYP staff encountered was very subtle. Many of the potential employers asked questions which reflected their stereotyped ideas of the elderly, for example:

How old is the individual that would be working for me? Does this individual think young? Is this individual set in his or her ways? Would this individual fit in with the CETA youth workers?

Another example would be when the CETA elderly staff contacted the employer before the CETA youth staff. The employer hired CETA youth, but no one from our CETA elderly program.

The following could have happened because our elderly supervision of youth program is a CETA program, or because we have elderly individuals in our program, or both.

The individuals in two of the five counties that the ESYP served did not seem to interested in helping us get applicants for our program. I say this because of the following:

The ESYP did not receive front page coverage in these two counties, whereas our ESYP received front page coverage in the remaining three counties.

Only two or three individuals filled out ESYP "interest cards" (compared to the five or more applicants from each of the other three counties). The CETA youth programs haven't had this problem. The CETA youth programs get referrals from school officials and agencies, such as the department of social services, etc. The CETA youth programs have not had to rely on newspaper articles in order to get applicants, whereas the elderly supervision of youth program has.

It was very hard to find potential employers who were interested in hiring an ESYP participant, whereas all the CETA youth in these two counties were placed at a worksite.

The elderly supervision of youth program participants were asked if they felt they had been discriminated against because of their age. Listed below are the situations that they described.

Frank: When the company that he worked for changed hands, many of the older executives were released and replaced by younger executives.

Maxine: Maxine has a college degree, and has taught business classes in the local high school for about 27 years. She is a retired schoolteacher, who only wishes to work part time. She had applied for a bookkeeping job, and went for an interview. Maxine said that she felt that the person she had the interview with must have made up her mind not to hire her, as soon as she saw Maxine in person. About 2 weeks later Maxine called this employer, inquired about the position she had interviewed for. She was told that two younger girls had been hired and they should fit in just fine.

Maxine applied for another part-time bookkeeping-type job. She went for an interview with the employer and said that the employer seemed to have made up his mind not to hire her. She called back a couple of weeks later and was told that they had hired someone with more recent experience. Maxine did not accept this as a valid excuse, because she had done some bookkeeping for a local store less than 1 year ago.

Viola: Believes that the agencies (such as social security and SSDI offices) have her and other elderly individuals fill out forms which are confusing and difficult to fill out. She also believes that each of these agencies had her fill out forms which all ask her for the same information. Viola would like to see the repetition and overlapping forms eliminated, and one central source of information. She also mentioned that forms are often misplaced, and as a result she is asked to fill in the same form again.

ITEM 8. STATEMENT OF CLIFFORD L. POBANZ, GENESEO, ILL.

My name is Clifford Pobanz. I am age 69. I am a member of the American Association of Retired Persons.

My comments are representative of a majority of members of the local chapter. A majority of workers, for numerous reasons, have little desire to continue working after age 65 if there is no financial need. The reasons vary with the individual.

A very major reason is diminished stamina because of health problems, some minor, some major, also a desire for time for self-gratifying activities. Only a small percentage of the work force make it through to the upper echelon. The rest of us get passed up for promotions by younger, better trained, more ambitious people coming into the work force. Companies can better afford to invest in people who can contribute skills for 20 or 30 years, rather than a remaining 5 or 10 years. Thus, many of us are relegated to tiresome jobs and look forward to retirement.

What is of more concern for many of us who had saved for our own retirement security and enjoyment, is the eroding effect of inflation on those hard-won savings.

I presented a paper entitled, "Inflation Causes and Cures," to Senator Percy and Senator Grassley at the Davenport, Iowa, hearing. We believe it is worthy of circulation and consideration. We believe there is too much concern over the short-term condition of the aging. We have concern for our children and grandchildren, as well as our own concerns. The increasing ratio of aged to workers, indicate greater problems ahead. Overemphasis on Government programs that care for the aging serves as a disincentive for those in their productive years to provide for their own security at retirement.

The image of assurance of Government welfare care, coupled with the threat of continuing inflation is a disincentive for people to provide for their own future needs. This will exacerbate the problem in the years ahead. We must legislate for the long term.

The Adamsons of Africa in the "Born Free" experience, found that even an African lioness after being provided for, lost the incentive and ability to provide for herself and had to be retaught when returned to the wild. Dependence on individual self-reliance, and responsibility for our own condition built strong individuals, a strong society, and a strong Nation. We need to reemphasize this philosophy.

We must resist the tendency to shift the responsibility of the individual to a welfare-state philosophy. We must reduce reliance on Government for the things we should do for ourselves.

We believe we need to provide motivation through educational emphasis on individual responsibility rather than placing the blame for our deficiencies on society or the system.

The population makeup in our community is evidence of the unbalanced burden on those of working age. We must not place greater reliance on the productive segment of our society to provide for the nonproductive.

The following is an example taken from the 1977 census of Geneseo, Ill.: Under age 17, 28 percent; over age 65, 17 percent; total limited productive segment, 47 percent.

One suggestion is for Government to encourage savings by emphasizing tax benefits for savers. An important concern is the stability of the purchasing power of those savings dollars. An immediate need of the large numbers of us who thought we had provided for ourself, is tax relief on interest and dividend income. This is a must for those of us who do not want welfare.

The person who has prepared this paper is representative of others in our local AARP organization who had less than 12 years of formal education, minimal or no company benefits, however, through practice of prudent personal management we had provided for a satisfactory retirement, exclusive of an exorbitant rate of inflation. We do not want increased old-age benefits. We want reduced rates of inflation that have been induced by continuing Federal deficits.

ITEM 9. LETTER FROM JACK R. CHICHESTER, CPA OF ELECTRONICS, INC., MILAN, ILL., TO SENATOR CHARLES H. PERCY AND SENATOR CHARLES E. GRASSLEY, DATED OCTOBER 12, 1981

DEAR SIRS: This discussion is being held at a very apropos time for us.

Mr. Vern Petersen of Davenport, and I, are finding out the truth of your subject matter.

Let us go back a year or two. Vern and I were both regularly employed by area employers. We were looking ahead to the time when retirement problems might become realities. Since we have a unique ability to work well together and we also possess a number of commercial skills and abilities, we decided to form "CPA of Electronics, Inc." The name is intended to convey an attitude of excellence of performance while in fact it is simply an acronym for Chichester Petersen Association of Electronics. We are a subchapter S corporation in Illinois.

Vern is 67 years of age and I am 56. My wife, Patricia, is the third director required for incorporation. Vern has his degree in electrical engineering, mine is in accounting, and Patricia's is nursing.

Vern has worked all of his life at station WOC TV transmitter. You might say that he opened the door when they started and, in fact he was the last one on duty when the transmitter went to remote operation and station engineers were no longer required.

I have worked about half of my life in industrial electronics and the other half in computer software. I am currently a computer specialist at the Rock Island Arsenal.

My wife has worked most of her life in occupational health and the last few years in hospital staff nursing. She is presently unemployed due to her health.

At the time we started our company, we were quite fortunate to have some good leads and references. We managed to land several nice contracts, among them being Pertec Computer Co., and CETEC, division of DMC.

CETEC was installing printer terminals in a number of finance companies area offices, including Beneficial Finance and Postal Thrift. During the following year we installed over a dozen of these terminals in both Iowa and Illinois offices, within a 70-mile radius of Rock Island. We also had the maintenance of them to contend with.

Pertec had just placed a computer system at Eagle warehouse in Milan, and we had the maintenance contract for it.

This was beautiful. It looked as though we would have maintenance work to do well into the future. How wrong we were.

With little or no warning CETEC canceled our contract in January of this year. We had done an excellent job, but the system was working so well that we could be replaced with less expensive help. We were not even consulted in the matter.

This past September, we were informed that Univac had bought out Pertec's interest in the Eagle installation at Milan and we were given our 90-day notice. Again, we were not even consulted in the matter.

At this time, we have the best of work records and references, but no work (barring that which remains of our 90-day notice). We have had our yearly income cut by well over $10,000.

We are far from destitute. We will not be going cold or hungry, but the frosting on the cake has certainly been cleared off.

Yes, CPA of Electronics will still have income and this will continue. We have invested in certain securities and the interest is more than sufficient to cover our telephone bills and such. We have never had a red-ink year.

We are continuing to look ahead. We are getting involved in space technology and satellite TV reception. Currently, we actually have more customers than available equipment with which to supply them. We had satellite TV displays in full operation at the county fairs for Rock Island, Scott, Lee, and Whiteside Counties this past summer. We were primarily aimed at SatCom 1. Again, we insist on quality installations.

The enclosed Xeroxed clipping [1] is an example of many we are currently seeing in the various media which proclaim the dire need for computer people; servicemen and repairmen, as well as analysts and programers.

We have looked around for available opportunities with little success. Employment agencies are oriented toward the young folks who are looking for full-time jobs. They show very little enthusiasm or even patience for older folks who want part-time work.

Univac was "generous" enough to offer us a position for one full-time person at a beginner's pay.

We are not interested in full-time work. Maybe 10 hours a week would keep us from getting rusty and keep us up on the latest technologies. It would also nicely supplement our present incomes. We would consider individual jobs in our respective fields but definitely prefer to work together as a team. We definitely complement each other. We would be most willing to take other school courses as may be necessary to prepare ourselves for a specific job.

Any help you can render would be appreciated.

Please feel free to use this letter as you wish if you feel it might help our cause as well as those of similar older folks.

Sincerely,

JACK R. CHICHESTER.

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[1] Retained in committee files.